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ABSTRACT

The full text of all advisory memoranda issued from March 1976 to February 1977 is included in this annual report on the Ontario university system. The following areas of undergraduate study are examined: (1) the capacity of the university system to absorb additional enrollment; (2) some alternative forecasts of future enrollment growth; (3) the extent to which enrollment growth is in the long-range interest of the university system; (4) the possibilities whereby enrollment growth might be contained; and (5) the extent to which the Ontario Council's stance can contribute to the predictability and stability of government funding of the university system in the face of the uncertainty that surrounds changing enrollment levels. Memoranda included in this report deal with correspondence courses for degree credit; the Ontario Graduate Scholarship Program; government support for the university system (operating grants and capital assistance); graduate program planning; funding arrangements; the allocation of the government's operating support for the university system; and formula sensitivity to undergraduate enrollment change. (LBH)

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1976-77

Ontario Council on University Affairs

Third Annual Report

U.S. DEPARTMENT OF HEALTH
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
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Ontario Council on University Affairs

Third Annual Report March 1, 1976 to February 28, 1977

801 Bay Street,
Second Floor,
Toronto, Ontario
M5S 1Y7

March, 1977

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Letter of Transmittal

Ontario

Ontario
Council on
University
Affairs

416/965-5233
2nd Floor,
801 Bay Street,
Toronto, Ontario,
M5S 1Y7.

February 28, 1977

The Honourable Harry Parrott D.D.S.,
Minister of Colleges and Universities,
6th Floor, Mowat Block,
Queen's Park,
Toronto, Ontario.

Dear Mr. Minister:

I respectfully submit herewith the Third Annual Report of the Ontario Council on University Affairs for the year that began March 1, 1976 and ended February 28, 1977.

The submission of this Report marks the end of my term as Chairman. Permit me therefore to express my warmest sentiments of gratitude to the countless individuals whose courtesy and kindness were so generously extended to me throughout the last three years. To you and your predecessor, to the officials of your Ministry and those of the Council of Ontario Universities, to the executive heads of the institutions, their senior colleagues and their financial officers, I am profoundly indebted.

Above all, I salute the truly remarkable men and women who served as members of Council and of its staff. Their wisdom, devotion and support were beyond measure.

Finally, may I record my particular indebtedness to the superlative public servant who, on secondment from the Ministry of Treasury, Economics and Intergovernmental Affairs, occupied throughout my term the key Council position of Executive Secretary and Research Director. To J. Peter Venton I owe more than words can convey.

I have the honour to be, Sir,

Yours very truly,

J. Stefan Dupré

J. Stefan Dupré,
Chairman.

Members and Officers of the Ontario Council on University Affairs 1976-77

Rt. Rev. Walter E. Bagnall (1979)
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Norma V. Bowen (1978)
Guelph

Mary Butler Bush (1979)
Ottawa

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Ottawa

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Reva Gerstein (1979)
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H. Harold Walker (1979)
Toronto

William C. Winegard (1978) Vice-Chairman
Georgetown

John R. Yarnell (1977)
Toronto

J. Peter Venton
Executive Secretary and Research Director

Nancy E. Simmons
Associate Secretary

Ronald N. McDougall
Senior Research Officer

Richard S. Zulik
Research Officer

Members' terms expire on February 28th of the year indicated in parentheses

Introduction

Introduction

The Third Annual Report of the Ontario Council on University Affairs is for the year that began March 1, 1976 and ended February 28, 1977. Like its predecessors, the present Report contains the full text of all advisory memoranda issued in the year concerned.

The introductory section of its annual report has come to be regarded by Council as a convenient platform from which to share with Government, the university community and other interested readers some general observations on selected matters of significance to the future of the Ontario university system. The Introduction to the present Report is devoted in its entirety to a consideration of full-time undergraduate enrolment levels and their implications for the system over the coming ten to fifteen years. It builds upon some initial comments on the subject offered by Council at the beginning of its Second Annual Report. These comments received instructive reactions from the university community, reactions which were folded in turn into Council's staff work and deliberations during the last year.

Council's focus on full-time undergraduate as distinct from total enrolment stems from several practical considerations. The matter of graduate enrolment is closely linked to the university system's well developed process of graduate program planning and as such involves quite distinct exercises in which Council has been formally involved from its beginning. As for part-time enrolment, its future is less immediately exposed to currently observable demographic forces than full-time undergraduate enrolment. Finally, there is widespread agreement within the university community that, for the time being, full-time undergraduate enrolment is the most significant source of pressure on existing faculty, staff and physical facilities.

Council proceeds to disclose the current state of its reflections on full-time undergraduate enrolment in the following sequence:

1. The present capacity of the university system to absorb additional enrolment.
2. Some alternative forecasts of future enrolment growth.
3. The extent to which enrolment growth is in the long-run interest of the university system.
4. The possibilities whereby enrolment growth might be contained.
5. The extent to which Council's own stance can contribute to the predictability and stability of Government funding of the university system in the face of the uncertainty that surrounds changing enrolment levels.

The Question of System Capacity

In Ontario, the phrase "accessibility for all qualified applicants" has been anything but an empty slogan. It has captured the essence of a major policy commitment by Government. Fourteen of the fifteen universities in the Province, five of them created *de novo*, owe their status as publicly assisted universities to the seriousness with which Government has pursued this commitment in recent decades. Every institution that falls under Council's terms of reference has a physical plant whose present size is an offshoot of this commitment.

The active pursuit by Government of "accessibility for all qualified applicants" must be understood in the context of two specific points. First, what constitutes a "qualified" applicant has been left for each university to determine in the context of each of its programs. Second, it has always been understood that no applicant is entitled to a place in the program or institution of his or her choice. What is envisaged is that a qualified applicant will be able to find a place in some program at some institution in the province. Over time, admission to many programs at many institutions has become highly selective. This holds throughout the province for undergraduate programs in such professional fields as Dentistry, Law and Medicine. Furthermore, a growing number of universities have reached what they

consider to be the outer limits of their institutional capacity. In such "steady state" institutions, accessibility to all programs is strictly limited.

The imposition by Government in 1972 of a moratorium on capital grants for most kinds of new construction in no way signalled the abandonment of the pursuit of "accessibility for all qualified applicants". Rather, it indicated simply that this objective would now be pursued in a context of what was deemed to be a degree of surplus physical capacity in the university system as a whole. Given the existence of surplus capacity, it would remain possible for a qualified applicant to find a place in some program somewhere in the system. So long as this circumstance held true, the minimum qualification for admission to some program somewhere in the system would not need to exceed the general level of academic achievement long associated with public expectations of admissibility, namely an Honours High School Graduation Diploma or its equivalent with an average of sixty per cent.

From all this there flows a question of substantial relevance to policy. Does the university system still have surplus physical capacity and if so how much? To ask about surplus capacity is, of course, to pose a question of relative measurements. By what standards of space utilization is it possible to say that unfilled student places exist? A byproduct of the moratorium is that data on space inventory and its relationship to what have been deemed suitable space standards have not been kept up to date. Were the data at hand, they would undoubtedly reveal that certain institutions have reached enrolment levels that already place them well below these standards. The extent to which space standards can be reduced to accommodate yet additional enrolment would therefore not only be relevant in principle but observable in practice. Within certain limits, so-called "shoe-horning" of additional students lies in the realm of the feasible.

It is highly desirable that data on current enrolment levels in relation to the space standards of the Interim Capital Formula and the *Building Blocks* of the Council of Ontario Universities be brought up to date, and soon. Not only will this shed needed light on the current state of the system; it will permit a process whereby, in full consultation with institutions both individually and collectively, some educated estimates can be made of the additional student places that either remain available or could be made temporarily available by measures of short-term expediency.

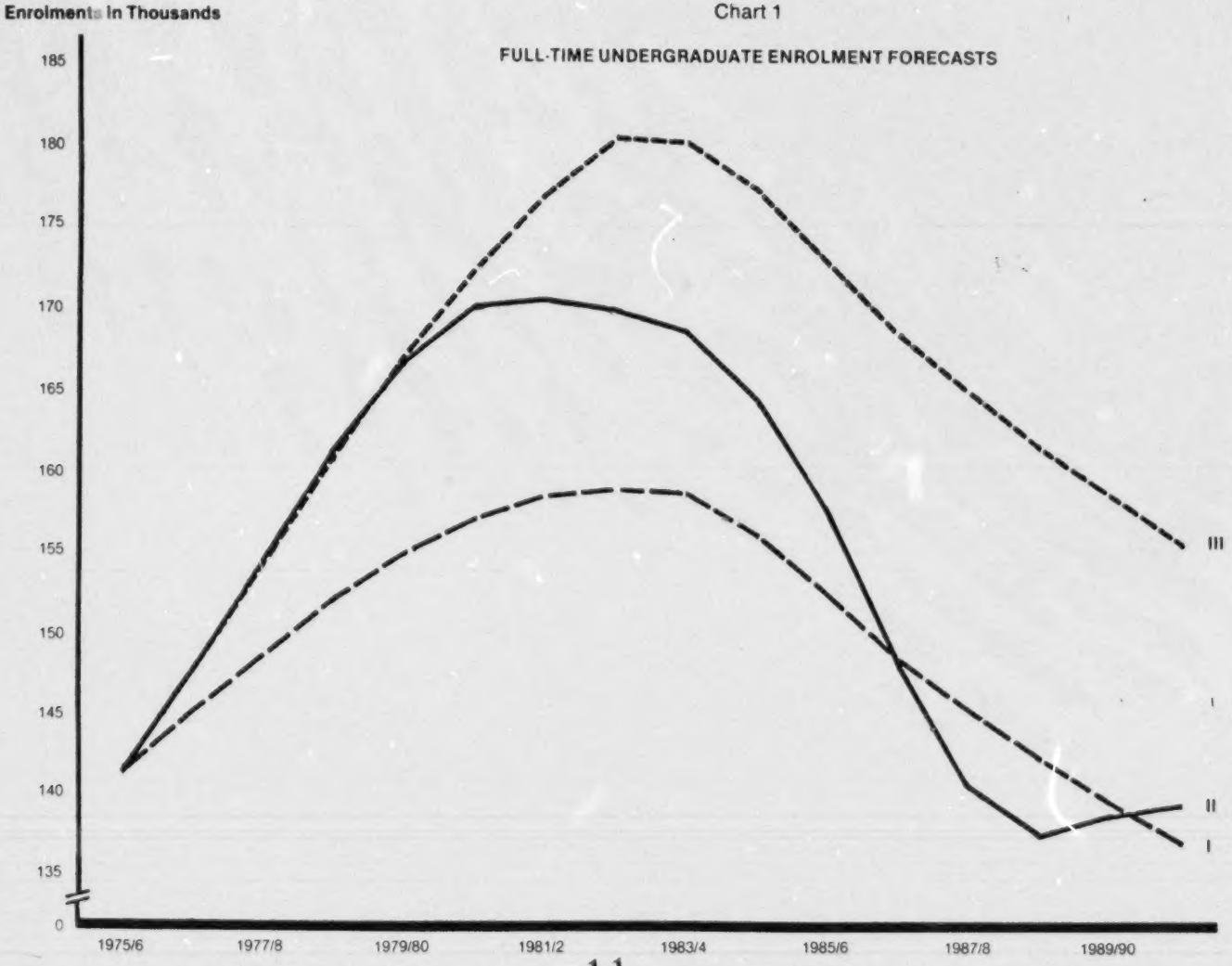
At present, Council possesses only the barest notion of the additional student places that the university system can make available within its present physical capacity. This notion was derived from conversations with senior officials from each institution in which the respondents were asked to give their best guess of the number of extra places that their physical plant might permit by program. Several spokesmen considered their institution already at its limit or capable of accommodating at most a few hundred additional students. Over-all, however, Council gained the impression, which it hereupon conveys for discussion purposes only, that the university system in its current physical configuration may be able to accommodate some 8,000 additional full-time undergraduates. Of these 8,000 places, some 4,000 are in Arts taken as embracing the humanities and social sciences, about 2,400 are in Science, another 1,200 are evenly divided between Business and Engineering, and the remainder are either unspecified or in other undergraduate programs.

Because Council's best estimate of current full-time undergraduate enrolment is 147,000, the additional 8,000 places it has identified for discussion purposes indicate a system-wide physical capacity of 155,000 full-time undergraduates.

Forecasting Enrolment Growth

In quest of alternative enrolment projections during the last eighteen months, Council has sifted the forecasting efforts of others and undertaken ventures of its

Chart 1


Enrolments in Thousands
FULL-TIME UNDERGRADUATE ENROLMENT FORECASTS
185
180
175
170
165
160
155
150
145
140
135
0
1975/6
1977/8
1979/80
1981/2
1983/4
1985/6
1987/8
1989/90
III
II
I

own. It will continue to do so as a matter of course. For the purpose of the present exercise, Council has chosen to focus upon three forecasts that enable it to sketch an equal number of distinct enrolment levels that the future might have in store for the university system as a whole. The possible enrolment levels to the year 1990-91 are depicted in Chart 1 and are respectively labeled Forecast I, Forecast II and Forecast III, all of which are explained in the Appendix to this Introduction. The point of departure for each forecast is the 141 529 full-time undergraduates officially reported in 1975-76 as eligible for funding in all programs except theology.

Forecast I. This is a "constant participation rate" forecast. Under this forecast, full-time enrolment reaches a peak of 158,900 in 1982-83 and falls to 137,000 in 1990-91.

Forecast II. This is a "current rate of flow" forecast. Under Forecast II, enrolment reaches a peak of 170,500 in 1981-82 and falls to 137,500 in 1988-89.

Forecast III. This is a "differentiated male-female participation rate" forecast. As such it takes direct account of a singularly important phenomenon, shown in Table 1, namely an unbroken annual rise in the participation of female full-time undergraduates as a percentage of the female 18 to 24 population age group. Forecast III produces a peak enrolment of 180,400 full-time undergraduates in 1982-83 before declining to 155,500 in 1990-91.

Table I

Historical Full-Time Male and Female Undergraduate Enrolment in Ontario as a Percentage of the Corresponding Male and Female 18-24 Age Groups 1960-61 to 1975-76

Year	Male	Female	Total
1960-61	8.09	2.74	5.39
1961-62	8.70	3.10	5.88
1962-63	8.85	3.42	6.12
1963-64	9.16	3.71	6.42
1964-65	9.63	4.11	6.86
1965-66	9.94	4.49	7.21
1966-67	10.83	5.17	8.01
1967-68	11.43	5.69	8.57
1968-69	12.53	6.46	9.50
1969-70	13.71	7.26	10.48
1970-71	14.48	8.00	11.23
1971-72	15.14	8.98	12.06
1972-73	14.57	9.01	11.80
1973-74	14.63	9.47	12.07
1974-75	14.63	10.42	12.54
1975-76	14.69	11.15	12.93

The three forecasts portrayed in Chart 1 have been selected for presentation because of the evidently distinct enrolment scenarios they convey. If zero growth is contemplated as an additional alternative this, together with the three forecasts, comes close to encompassing all possible eventualities. Higher enrolment than that projected under Forecast III remains a possibility, but this forecast can none-

theless be taken as approximating the reasonably outer limits of enrolment growth. The enrolment levels it portrays closely parallel the results of an alternative set of projections geared to rising rates of flow and shown in the Appendix to this Introduction.

Enrolment Growth and the University System

Given the possibility that the university system, in its current physical configuration, has a total capacity for 155,000 full-time undergraduates, the peaks reached by the forecasts just described permit the following straightforward observations with respect to the next half-dozen years.

(i) At any level of enrolment growth below that portrayed by Forecast I, there is no significant space problem on a system-wide basis. Even were the peak demand projected by Forecast I to materialize (158,900), this number could probably be accommodated within the present physical plant with, if necessary, a few auxiliary measures of a temporary nature.

(ii) If enrolment growth approximates the levels indicated by Forecast II, the university system is rapidly approaching a serious deficiency of up to 15,000 student places.

(iii) At the enrolment levels sketched by Forecast III, the system's space deficiency exceeds 25,000 student places and assumes truly critical proportions.

Beyond the next half-dozen years, all three forecasts permit a common observation that is equally straightforward. This is that enrolment decline follows in the wake of enrolment growth. That a pattern of growth and decline is sketched by Forecast I, II, III and, for that matter, by virtually all other forecasts developed or examined by Council, is explained simply by the underlying forces of demography. The significance of these forces greatly complicates what might otherwise be a straightforward debate about the merits of allowing the university system to grow. Growth to what promised to remain a new plateau is one thing; growth as a prelude to decline is quite another.

The Question of Growth to a New Plateau. If the Ontario university system faced a prospect of near-term growth to an eventual plateau, the question of whether further expansion was in the interest of the system could probably be answered quite easily in the affirmative. The internal aims and objectives of a number of institutions remain open to enrolment growth. Furthermore, it is widely recognized that enrolment growth permits flexibility in institutional resource allocation and eases the process of any of a number of internal adjustments, whether intended to widen the range of programs, enhance the quality of existing offerings or generate gains in efficiency. In such a setting, the question of whether further enrolment growth is in the interest of the university system would likely be quickly resolved so that debate could then focus on whether Government funding of such enrolment growth was in the public interest.

That debate would be simplified in turn were the prospect simply that of funding the university system to what promised to remain its new enrolment plateau. The capital facilities required at the peak of Forecast II would involve an outlay of the order of $150 million in current dollars. Cumulative estimates of the additional operating grants required to fund enrolment growth to its new plateau of 170,000 would range from $190 to $270 million in current dollars. This range involves different assumptions about how soon the recent discounting of growth by an "excess capacity factor" would have to give way to a return to full growth funding and how long such full funding would have to be maintained. If the enrolment peak of 180,000 in Forecast III is substituted for that of Forecast II, the comparable outlay for capital facilities is $250 million and the additional operating grants to fund growth range from $260 to $400 million. As a contrast to either of the above, it

can be estimated that Forecast I likely has no consequence for capital outlays and that the additional operating grants for growth range from $75 million if excess capacity discounting remains unchanged, to $150 million if full funding is restored within two or three years.

Always in a setting where the forecast growth led to a new enrolment plateau, the debate on whether the additional public funding of such growth was in the public interest could take the readily calculable cost estimates as their starting point. From here, the questions would involve whether the projected expenditures were within the fiscal capacity of the province, whether the production of the additional graduates, by stated category of manpower need, was economically justifiable, and whether broad social values were still well served by maintaining a broadly accessible university system.

The Issue of Growth as a Prelude to Decline. The very ground shifts from under this hypothetical debate by the fact that enrolment forecasts project not growth to a new plateau but growth as a prelude to decline. With this kind of prospect, it is anything but prudent to assume that further growth is in the interest of the university system. By that very token, what is in fact in the public interest must be reassessed.

With respect to capital facilities, the construction of additional plant is neither in the university nor in the public interest if its legacy is a set of monuments to embarrassment and inflexibility. As for funding the operating costs associated with growth, Government and the universities face nothing short of an outright dilemma.

The dilemma begins with the universities, their expectations and their traditional practices. Traditional practices in the employment of faculty are geared to expectations of enrolment levels sufficient to sustain long-term commitments. However, to the extent that enrolment growth is but the prelude to decline, additional faculty appointments under traditional practices involve a long-range investment to meet a temporary need. To enter into such long-term commitments in the face of enrolment decline is to court institutional chaos and in its wake the disintegration of scholarship. If this flies in the face of the university interest, the public interest is not far behind. It is surely not in the public interest for Government to fund short-term growth in a manner that invites commitments whose longitude has little prospect of being sustained. Government retains the right to decide that the accommodation of additional enrolment remains in the public interest. If it does so, however, it must temper its decision with long-run considerations lest the public interest be confused with passing fancy.

This raises what to Council must be a central theme in the debate on public funding of further enrolment growth. Operating grants that finance additional growth generated by the continuation of current accessibility policy must be accompanied by a willingness on the part of the university community to revise traditional employment practices. At the same time, because these practices cannot be revised fully if scholarship is to be served, such grants must also come to imply a Government commitment to protect the revenues of the university system from too sudden and drastic a decline in the event of an enrolment downturn. The ground on which Government and the university system may be induced to meet with respect to this issue is that where the university system undertakes further growth at less than full funding in return for subsequent adaptability grants in a phase of decline. The stabilization inherent in this approach stems from more than the advent of financial support in the decline phase. It is produced as well by the very fact that less than full funding during the growth phase automatically restricts the volume of long-run commitments into which universities can enter. There is a point, of course, where such restriction generates consequences that are unacceptable in terms of quality, even for a short period. That point is no less real

for the fact that it is elusive in quantitative terms. It demands the most earnest consideration of the possibilities whereby growth in the university system might be contained.

Containing System Growth

Enrolment forecasts are projections, not prophecies. There are many reasons why enrolment growth might in fact fail to reflect the scenarios outlined in Council's enrolment forecasts. Some might be generated by the economic environment, others by the behaviour of the university system and yet others by Government policy.

Many economists share the view that the outlook for the coming three decades is for reduced growth in employment opportunities for university graduates, and with it a fall in the income and status rewards that have been associated with university training. Fragmentary evidence of this phenomenon is already at hand. The consequence for enrolment develops at the point where potential students perceive that the market for university graduates has deteriorated, and accordingly forego university attendance as a route to career employment. At this juncture, the "invisible hand" of the marketplace will become a potent factor in containing enrolment growth.

With respect to the enrolment peaks that demography has in store over the next six years, it is an open question whether the "invisible hand" will exert its dampening influence. Much depends on whether evidence of a softer market for university graduates continues to accumulate and on the rate at which this evidence is perceived by potential students. A not unlikely but no less disturbing scenario is that the perceptions will not set in until the period of demographically projected enrolment decline has begun. This could precipitate the rate of enrolment decline and place that much greater a premium on measures to stabilize the university system.

Economic forces are such that they can have the effect not only of accentuating long-term decline but of accelerating growth in the short run. This seeming paradox arises from the fact that while a long run reduction in the growth of employment opportunities for university graduates can reduce enrolment growth, cyclical unemployment in the near term can increase the attractiveness of university attendance as an option to joblessness. Economic considerations accordingly yield little comfort with respect either to containing growth in the short run or stabilizing enrolment in the long run. They do, however, yield two observations of practical relevance to the posture of Government and the university system.

The first is that both Government and the university system should be wary of "overselling" the economic advantages of university training. It is a common observation that such overselling was characteristic of the nineteen sixties and that it is now increasingly held in check. Both the honesty that is due to prospective students and the university and governmental interest in containing growth will be served to the extent that the potentially changing economic climate for university graduates is made known.

The second observation is that unemployment can frustrate educational measures designed to offer alternatives to full-time university study. The further development of an open university sector and of part-time programs are cases in point. Both beckon as means of relieving pressure on full-time enrolment growth. Both rely for their success, however, on the existence of work opportunities that will fill the balance of time that is not taken up by part-time study.

If full-time enrolment growth is to be contained, Government has every reason to press forward with the development of alternatives to full-time university attendance, including full-time industrial training, in the context of a general economic

policy that vigorously pursues full employment. It remains for the university system not only to avoid "overselling" its product, but to continue to assess searchingly the extent to which it remains faithful to academic standards in an educational environment all of whose components, including primary and secondary schools, are currently in a process of self-examination. Marginal changes either in admission standards or in requirements for in-course academic standing can have a dampening impact on enrolment growth.

If Government's accessibility policy is to be maintained, however, it is important to distinguish between changes in academic standards that might occur for academic reasons and those that flow in the wake of enrolment numbers that approach system capacity. In fairness to Government, the university system will have to communicate clearly the extent to which changes in standards flow from excess numbers as distinct from academic motivations. Only thus can Government gauge the extent to which its accessibility policy is in jeopardy.

To Council, the maintenance of current accessibility policy has the following essential implications:

(1) The funding of enrolment growth must not be confused with the funding that enables the university system to cope with inflation and the maintenance of existing levels of service.

(2) The funding of enrolment growth creates an obligation for Government to be sensitive to the need of the university system for a degree of fiscal stabilization in the event that enrolment decline should follow in the wake of growth.

Predictability and Stability: Coping with Uncertainty

Having issued its present message to Government and the university community, Council remains concerned about the extent to which its own stance can contribute to predictability and stability in Government funding of the university system under circumstances of uncertainty. With this prominently in mind, the points that Council addresses at this time to its own behaviour are six in number.

First, Council should continue until further notice to submit advice on global funding to permit the university system to offset inflationary trends and maintain existing levels of service. The content of this advice should be consistent with the techniques Council has applied in each of the last two years. The techniques have become well known to both Government and university system, and their consistent application gives Council's advice a needed measure of predictability.

Second, Council for 1978-79 at least should submit advice on the growth component of global funding that continues to be discounted by an excess capacity factor of 50 per cent. There is no evidence at this time that such discounted funding is placing Government's accessibility policy in jeopardy. Council's current estimate of full-time undergraduate enrolment in the university system is 147,000, about half way between Forecast I and Forecast II. Council is aware that a number of institutions were prepared in 1976-77 for higher enrolments than in fact materialized and takes this as indicative of a setting where the incremental costs of additional enrolment are sufficiently below average cost to warrant the discount featured in its funding advice.

Third, Council should offer from year to year early advice on the enrolment sensitivity of the operating grants formula. The degree of enrolment sensitivity will be consistent with the discounting of growth in Council's funding advice. For 1977-78, the lengthening of the enrolment average to three years was consistent with the funding advice applicable to that year. Advisory Memorandum 76-VII seeks like symmetry between global funding and allocation in 1978-79.

Fourth, Council's practice of discounting growth funding should imply a longer term obligation on the part of Government to protect university revenues from too

drastic a reduction if and when enrolment decline materializes. This is of critical importance not only to the stability of the system as a whole but to equity among institutions. The institutions that currently choose to grow and thus to serve Government's accessibility objective under discounted funding are the institutions that thereby can become most exposed to a downturn and therefore the most likely recipients of extra funds made available by the Government for stabilization.

Fifth, Council must scrutinize year by year the physical capacity of the system in relation to updated enrolment projections. Given the clear possibility that enrolment growth is a prelude to decline, Council should create no expectations whatever that capital grants might become available to fund buildings that would permanently add to institutional enrolment capacity, but should focus on alternative methods of securing space.

Sixth and finally, Council must immediately take conscious steps to look beyond the limited period, at most two or three years if forecast growth materializes, during which the funding of additional enrolment can remain discounted. Council now takes the first such step by inviting a debate on the following question. Beyond present system capacity, is it in the interest of Government and the university system to contemplate growth funding that departs radically from past practice by being entirely outside the formula?

What Council has in mind is the possibility of extra-formula funding geared explicitly to the temporary challenge posed by accessibility policy in the peak enrolment years. Such funding could be in the form of specially earmarked grants awarded to designated institutions for a stated period of years. Alternatively, such funding could take the form of a contract between Government and individual institutions, or between Government and a consortium of institutions. The key point in either instance is temporary funding geared to a temporary situation and free of the long-term investment in human and physical capital that is implied by conventional university funding.

As Council invites reaction and dialogue on this question, it reaches for its histories of the Ontario university system. Who remembers the Ajax campus of the University of Toronto? Plus ça change plus c'est la même chose?

Appendix: Enrolment Forecasts

The point of departure for each of the forecasts depicted in Chart 1 is the 141,529 full-time undergraduates officially reported in 1975-76 as eligible for funding in all programs except theology. Included are all fifteen provincially-assisted universities together with their affiliates, as well as Ryerson, the Ontario College of Art, and the very small number of students with undergraduate funding status at the Ontario Institute for Studies in Education. The annual enrolment levels produced by each forecast are shown in Table A-1.

Forecast I. Because it is a "constant participation rate" forecast, Forecast I isolates the demographic forces currently at work on full-time undergraduate enrolment in Ontario. The number of full-time undergraduates enrolled in 1975-76 is taken as a percentage of the provincial population in the 18 to 24 age group in that year. The same percentage (or participation rate) is then applied to the forecast number of 18 to 24 population in each year to 1990-91.

Forecast II. As a "current rate of flow" forecast, Forecast II is based on a combination of freshman intake and student transition that measures the flow of individuals through the university system, both calculated on the basis of current rates. The current rate of freshman intake is the 1975-76 intake as a percentage of Year 5 enrolment in the prior year. This rate is then applied to projected Year 5 enrolments for each succeeding year.

The transition rates are based on estimates of recent enrolment in each upper

program year. These estimates permit a calculation of the percentage relationship that enrolment in each of second, third and fourth year bears to enrolment in its corresponding freshman year. The resulting percentages constitute the current transition rates which are then applied to projected freshman intake to produce annual forecasts of upper year enrolment.

The combination of freshman intake and upper year enrolment yields the total full-time undergraduate enrolment forecast for each year to 1990-91.

Forecast III. This "differentiated male-female participation rate" forecast takes explicit note of the different behaviour of male and female participation rates in the last fifteen years. Forecast III therefore indicates the full-time enrolment that results from allowing the female participation rate to continue its historical rise until it matches the male participation rate in 1982-83, and thereafter holding the participation rates of both sexes at a constant percentage of the relevant age groups.

It is interesting to note that the enrolment levels depicted by Forecast III do not vary materially from those produced from yet a fourth forecast developed by Council. This forecast returns to the rate of flow approach used in Forecast II, but projects upper year enrolment at rising rather than current transition rates. The amount by which transition rates are allowed to rise is based on estimates of their behaviour in recent years. The resulting annual enrolment levels are shown in the final column of Table A-1.

Table A-1

Alternative Enrolment Forecasts

Year	Forecast I (000's)	Forecast II (000's)	Forecast III (000's)	Rising Rate of Flow Forecast (000's)
1975-76	141.5	141.5	141.5	141.5
1976-77	145.1	148.0	148.0	149.1
1977-78	148.7	154.7	154.5	156.9
1978-79	152.0	161.3	161.0	164.7
1979-80	154.9	166.7	167.0	171.5
1980-81	157.0	170.2	172.3	176.4
1981-82	158.4	170.5	177.0	178.2
1982-83	158.9	170.0	180.4	178.9
1983-84	158.7	168.7	180.1	178.9
1984-85	156.0	164.5	177.1	175.8
1985-86	152.3	157.2	172.8	169.5
1986-87	148.4	148.1	168.4	161.3
1987-88	145.3	140.6	164.9	154.0
1988-89	142.3	137.5	161.6	151.1
1989-90	139.7	138.8	158.6	153.0
1990-91	137.0	139.4	155.5	154.8

Council's Advisory Memoranda

76-I Correspondence Courses for Degree Credit

By letter to the Chairman dated May 29, 1975, the Minister of Colleges and Universities referred to Council the matter of Provincial funding of correspondence courses for degree credit. The Minister's reference was prompted by concern that correspondence courses remain an instrument for accessibility to high calibre degree programs, and by a perceived need to review the funding of such courses in the light of likely student demand in future years.

The number of correspondence courses currently offered for degree credit by Ontario universities is somewhat over 200. About half these courses are offered by the University of Waterloo. The University of Ottawa, Queen's University and the University of Western Ontario have a long tradition of correspondence course activity and, together with Waterloo, account for the bulk of correspondence course offerings in the Province. Correspondence courses have been an area of considerable educational innovation, for example in the use of visual materials and audio cassettes.

With respect to the development of correspondence courses at the undergraduate level, Council is firmly of the opinion that this should be the responsibility of the governing bodies of Ontario universities, subject only to the special regulations that normally apply to programs in the health sciences and certain other professional fields. In the realm of correspondence courses for graduate degree credit, the processes of governing bodies are supplemented by those of system-wide graduate planning under the auspices of the Council of Ontario Universities.

With respect to the likely level of demand for correspondence courses, Council's concern is not such as to warrant in-depth study of what amounts to a minor portion of the market for university services. From Council's vantage point, the pertinent perspective from which to view correspondence courses is the horizon of demand for university services in general. That horizon offers the near-term prospect of additional demand for student places until the mid- nineteen eighties. The longer run may witness lessened demand for full-time student places because of a reduction in the number of individuals in the 18 to 24 age group. Of relevance to part-time study, however, is the fact that the longer run produces substantial increases in the population age group of twenty-five years and older.

From this general perspective, it appears that, for the next half dozen years, correspondence courses offer a potential means of easing what in any event is bound to be appreciable pressure on the on-campus resources of the university system. As for the longer run, the pool of potential demand from those over twenty-five years of age is an expanding one that favours all forms of part-time study, including correspondence courses.

Taking the above considerations into account and having reviewed points previously made by the Committee on University Affairs, Council views the role of Government as that of funding degree credit correspondence courses through the normal mechanisms that apply to all university programs. The development of correspondence courses and the standards applied are properly left to the universities in the framework of their general responsibilities for academic and fiscal self-management. To the extent that inter-institutional co-operation is desirable or necessary, this is a matter best assigned in the first instance to the prudent determination of the universities themselves and of the Council of Ontario Universities.

So that universities may proceed with their planning, what is desirable is to make it clear that correspondence courses for degree credit will simply be funded by Government in the exact manner that prevails either at the undergraduate or the graduate level. For 1976-77 and 1977-78, this leaves correspondence courses at the undergraduate level subject to the enrolment averaging techniques already

announced by the Minister, and at the graduate level subject to the temporary suspension of formula sensitivity to enrolment. It should be understood that future changes in formula funding will apply to correspondence courses for degree credit in the same manner as to all other programs. Within these ground rules, the development and management of the correspondence area are properly the responsibility of the institutions. Council accordingly *recommends to the Minister:*

OCUA 76-1
Government Funding of Correspondence Courses for Degree Credit
That, in accordance with the considerations laid out in this Memorandum, correspondence courses for degree credit be eligible for funding through whatever mechanisms may be in effect for the financing of undergraduate or graduate degree programs in general.

J.S. Dupré
Chairman

July 15, 1976

76-II The Ontario Graduate Scholarship Program, 1977-78

Council offered a general commentary on various aspects of the Ontario Graduate Scholarship Program, including its scope and background, in Advisory Memorandum 75-III. In the present memorandum, Council comments and advises on the 1977-78 scholarship competition under the following headings: scholarship eligibility, scholarship stipends, numbers of awards and administrative developments.

Scholarship Eligibility

At the time Council advised on the 1976-77 Ontario Graduate Scholarship competition, 90 per cent of the 1,000 annual awards were reserved for Canadian citizens. The balance of 10 per cent could be allocated to landed immigrants or foreign students.

In Advisory Memorandum 75-III, Council documented at length its serious concern over discrimination by quota as between Canadian citizens and landed immigrants. Council expressed reservations about the extent to which such discrimination might be viewed as departing from the spirit if not the letter of the Ontario Human Rights Code. Furthermore, Council explored in considerable detail the eligibility rules governing other publicly funded graduate scholarship awards, and found the quota approach of the Ontario Graduate Scholarship Program to be clearly anomalous. Again, Council took due note of the reservations expressed by the university community concerning the OGS quota, reservations expressed alike in institutional briefs and by the academic staff who acted as referees in the 1975-76 scholarship competition. Finally, Council noted that discrimination between landed immigrants and citizens, by potentially lowering the standard of the Ontario Graduate Scholarship competition, undermined the avowed objective of the Program to reward academic excellence.

Council accordingly advised that the Ontario Graduate Scholarship Program be equally open to Canadian citizens and to those who hold landed immigrant status as of the official annual closing date for applications. In the event, Government did not accept Council's recommendation. Council strongly believes that quota discrimination in the OGS Program between Canadian citizens and landed immigrants is a matter that warrants reconsideration. To the extent that the landed immigrant regulations of the Government of Canada are of concern, Council offers the reminder that the point system amendments made in February of 1974 bar any student from receiving landed immigrant status for the purpose of gaining eligibility for scholarships and fellowships.

On the basis of all of the above considerations, Council reaffirms its original stance on the eligibility of Canadian citizens and landed immigrants for Ontario Graduate Scholarships and accordingly *recommends to the Minister:*

OCUA 76-2 (75-3)
Ontario Graduate Scholarship Program Eligibility

> *That* the Ontario Graduate Scholarships be equally open to Canadian citizens and to persons who hold landed immigrant status as of the official annual closing date for applications, it being understood that this provision applies similarly to institutional nominees.

Having made the above recommendation Council has again reviewed the eligibility of foreign students for Ontario Graduate Scholarships. In that such students were included in the landed immigrant quota until 1976-77, they were formerly permitted a limited degree of eligibility. Council observed in Advisory Memorandum 75-III that prevailing practice in comparable Canadian prestige awards was to exclude foreign students who are not landed immigrants with the

sole exception, circumscribed by stated conditions, of the Medical Research Council studentships. In any event, Council expressed the view, reflected by its briefs from the university community, that a provincial program of prestige awards is one where the eligibility of foreign students who are not landed immigrants is not a priority issue.

Lest it detract in any way from the absolute priority of landed immigrant eligibility, Council is content to offer no formal recommendation with respect to the eligibility of foreign students. However, given current discussion of the impact of tuition fee increases on needy foreign students, Council offers the reminder that the over-riding purpose of the Ontario Graduate Scholarship Program is to reward academic excellence as measured by academic achievement. In that foreign student eligibility potentially adds to the level of excellence of the scholarship competition, it is compatible with the purpose of the Program. But the Program is not and should not become a vehicle for awards based on need, whether the recipients be citizens, landed immigrants or foreign students. Recognition of need is the proper objective of student assistance programs. It is not an objective of scholarship programs.

Scholarship Stipends

Table I compares by year the level of Ontario Graduate Scholarship stipends to those prevailing under federal prestige award programs through 1976-77. Council observed in Advisory Memorandum 75-III that the Ontario Graduate Scholarships originally carried a stipend moderately lower than federal awards, quite possibly on the reasonable ground that the Ontario Program provides awards on the basis of Provincial rather than nation-wide competition. By 1975-76, however, a sizable gap had emerged between OGS and federal stipends. To remedy this situation, Council recommended a major increase in the OGS stipend to $4,500 according priority, however, to maintaining the number of awards at 1,000. Government respected Council's priority with respect to the number of awards, but increased the stipend to $3,750 rather than to the recommended level. Given federal adjustments for 1976-77, the sizable gap between OGS and comparable stipends continued.

It is the considered opinion of Council that the magnitude of this gap weakens the OGS Program, the purpose of which is "to encourage excellence in graduate studies". What is clearly a prestige award should carry a stipend sufficient to attract and nurture excellence in the face of alternatives to graduate study and of economic pressures that detract from scholarly endeavor. Council fully appreciates the current environment of fiscal and economic restraint. In that this environment necessitates hard choices, Council is prepared to accord priority for 1977-78 to a higher stipend over maintaining the current number of awards. So as to avoid undue perturbation in numbers, Council is willing to forego the restoration in one year of the original relationship between OGS and federal stipends, but attaches over-riding importance to a major reduction in the sizable gap that has been allowed to emerge. This can be achieved by a stipend of $4,500, and Council accordingly *recommends to the Minister:*

OCUA 76-3
Ontario Graduate Scholarship Stipends, 1977-78

That as a matter of first priority the Ontario Graduate Scholarships carry a stipend of $4,500 or $1,500 per term in 1977-78.

Table I

Comparative Scholarship Stipends

	OGS	NRC Stipends (PGS 1 & 2)	Canada Council Stipends (1st & 2nd Ph.D.)
1971-72	—	$3,800	$3,500
1972-73	—	$3,800	$3,500
1973-74	—	$4,050	$3,500
1974-75	$3,400*	$4,050 to Oct. 1 $4,500 from Oct. 1	$4,000
1975-76	$3,400*	$5,000	$5,000
1976-77	$3,750	$5,520	$5,500
% increase in 1976-77 over 1974-75	10.3%	36.3%	37.5%

*Adjusted to take account of integration of fees into stipend in 1976-77.

Number of Awards

Having accorded priority to stipend levels over numbers of awards in 1977-78, Council's concern is that any consequent reduction be achieved in a manner that will respect the fundamental aim of the OGS Program. The Program's avowed aim of identifying and rewarding academic excellence is not only laudable in itself. It is singularly supportive of what should constitute the central thrust of graduate program planning in the coming years. To Council, this means that any reduction in numbers should protect and if possible enhance the number of scholarships awarded in open competition. Under prevailing practice, 850 of the 1,000 scholarships are available for the open competition. The remaining 150, ten per institution, are awarded to institutional nominees who meet the standards of the open competition.

Council appreciates that the institutional awards have given all universities a measure of flexibility, not least because they can be made to individuals after the close of open competition. These same awards are particularly valued by the small universities which, in the absence of doctoral programs, consider themselves at a disadvantage in attracting graduate students who hold federal scholarships. Federal eligibility rules generally favour doctoral candidates.

To Council, considerations of flexibility are distinctly secondary to protecting or enhancing the number of awards in the open competition which is central to the identification and reward of academic excellence. Accordingly, Council is disposed to favour the abolition of institutional awards in the ten universities that offer doctoral programs. Council therefore *recommends to the Minister:*

OCUA 76-4

Abolition of Institutional Ontario Graduate Scholarship Awards in Universities with Doctoral Programs

That institutional awards in the ten universities with doctoral programs be abolished.

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As for the five remaining institutions, Council believes that their particular case for institutional awards should be reviewed in the longer run perspective of graduate program planning but not prejudged by precipitous action at this time.

Council observes that the abolition of institutional awards in the larger universities creates a framework within which the number of scholarships available in the open competition can be protected or enhanced if the 1977-78 appropriation is insufficient to sustain 1,000 awards at the recommended stipend of $4,500. This framework is illustrated in Table II for appropriation increases in a range of 10 to 20 per cent. It will be noted that below the level of 15 per cent, the number of institutional awards available to the five small universities falls to 45, imposing on these a warranted pro rata share in the reduction of total awards.

Council urges that the appropriation increase for the OGS Program in 1977-78 be within the percentage range shown in Table II. For future years, Council wishes to investigate ways in which it could offer more definitive advice on the level of increase in the OGS appropriation. The Program could become disadvantaged by the fact that Council tenders its advice on OGS not only in isolation from the main-line funding of the university system, but also in isolation from occasional special funding requests — for example in the domain of instructional development.

For 1977-78 Council, on the basis of the considerations outlined above, *recommends to the Minister:*

OCUA 76-5

Number of Ontario Graduate Scholarship Awards in 1977-78

That, consistent with the priority attached by Council to a 1977-78 stipend of $4,500, the number of Ontario Graduate Scholarships available in the open competition and for institutional awards at Brock, Lakehead, Laurentian, Trent and Wilfrid Laurier Universities be determined in the manner illustrated in this Memorandum.

Table II

Number and Composition of OGS Awards for 1977-78 Under Alternative Appropriation Increases

Per Cent Increase in Appropriation for 1977-78 over 1976-77 %	Total Awards Possible at a Stipend of $4,500 (no.)	Awards Available for Open Competition (no.)	Institutional Awards for Equal Distribution by Quota among small Universities (no.)
10	917	872	45
11	925	880	45
12	933	888	45
13	942	897	45
14	950	905	45
15	958	908	50
16	967	917	50
17	975	925	50
18	983	933	50
19	992	942	50
20*	1000*	950	50

*The recommended stipend of $4,500 for 1977-78 is 20 per cent greater than the stipend for 1976-77. Therefore the OGS appropriation for 1977-78 will have to increase by 20 per cent to maintain the number of awards at 1000 assuming that there is no change in the mix of three-term and two-term awards.

Administrative Developments

With respect to current and prospective developments affecting the operation of the OGS Program, Council has had the benefit of perusing the report of the Chairman of the Selection Board for the 1976-77 competition, Professor D.C. Jordan of the University of Guelph. In its initial advisory memorandum on OGS, Council applauded the extent to which the Program constitutes an instance of close and fruitful collaboration between the academic community and the Ministry of Colleges and Universities, and expressed the hope that its advice on administrative matters would remain superfluous. The Jordan Report gives evidence of a continuing record of fruitful collaboration, and Council is content to leave the many constructive suggestions of that document to the parties directly involved.

For 1977-78, Council's sole comment concerns a facet of the OGS Program in which administration and policy overlap. The removal of limitations on the earned remuneration of graduate students from institutional operating income requires a reassessment of the regulations that apply to Ontario Graduate Scholars. So that scholarship holders may be equitably treated in relation to other graduate students, ceilings on their own remuneration should be removed, it being clearly understood that any duties as part-time research assistants, teaching assistants or demonstrators should not exceed the maximum of ten hours per week that applies to all full-time students. With respect to income from other academic awards, Council has reviewed the regulations that govern holders of federal scholarships. Similar treatment of Ontario Graduate Scholarship holders indicates that the current ceiling of $500 on academic awards held concurrently with an Ontario Graduate Scholarship should be raised to $1,000. Council accordingly *recommends to the Minister:*

OCUA 76-6

Income Limitations on Ontario Graduate Scholarship Holders

> *That* holders of Ontario Graduate Scholarships be permitted to hold concurrent academic awards to a maximum value of $1,000 and to earn remuneration for duties as research assistants, teaching assistants or demonstrators to a maximum of ten hours per week.

J.S. Dupré
Chairman

July 15, 1976

76-III Government Support for the University System in 1977-78

In this Memorandum, Council sets forth its advice on Government support for the Ontario university system in 1977-78. Council's advice is outlined under two master headings, operating grants and capital assistance.

Operating Grants: Predictability, Inflation and Accessibility

Toward Enhanced Predictability in University Funding

The submission of this Memorandum in the summer of 1976 is explained by the intention of the Government of Ontario to make, for 1977-78, earlier spending target announcements than in the recent past. This intention was enunciated by the Provincial Treasurer in a speech on August 9, 1976, to the Association of Municipalities of Ontario in the following words:

> We are well into planning our 1977-78 budget. It is my hope that I will be in a position to start making public Provincial expenditure decisions in September. That's three months earlier than last year. This will mean that you, local agencies, hospitals, universities and colleges as well as school boards, should know the extent of Provincial support well before the beginning of your fiscal year. . .

In accommodating, through the timing of this Memorandum, the Government's intention to make an earlier announcement with respect to university grants for 1977-78, Council continues to fulfill a commitment made upon its initial appointment in 1974. That commitment is to tender advice that is fully in step with the Government's own decision-making processes.

Council believes that the Government's immediate intention to accelerate the timing of its 1977-78 spending announcement broadly serves the interests of the university system. Council's 1976 spring hearings yielded abundant pleas for greater predictability in university funding. Indeed, many voices within the university system are exhorting Council and the Government to consider means whereby institutional funding might become known in advance for periods of two, three or more years' duration. The question of multi-year funding is one to which Council will devote serious attention during the coming months. For the immediate moment, there can be no question that an early announcement by Government of next year's spending levels constitutes a meaningful step toward greater predictability in the funding of universities.

Council's own role in enhancing the predictability of university funding is not simply a matter of providing timely advice in any given year. More generally, Council can contribute to predictability by the extent to which it takes a consistent approach in developing the content of its funding advice from year to year. Council now has the benefit of two years of experience in generating advice on the support of the university system. It has evolved an approach that has been thoroughly discussed with the university system and to which Government funding levels responded positively for 1976-77. Council believes that its approach is now generally understood. This approach begins with a consideration of the basic objectives that the operating support of the university system should seek to serve. It goes on to offer a calculation of the cost of meeting these objectives on the basis of the best information at hand. It then estimates the possible requirements dictated by the need to fund special institutions and accommodate policy changes, and formulates a position on whether additional funding might be indicated by particular circumstances affecting the university system. It concludes with Council's actual funding recommendations.

The evolution of Council's approach is delineated and documented in Advisory

Memoranda 74-IV and 75-VI. Council proceeds in this Memorandum to follow this approach in recommending operating support for the university system in 1977-78. The timing of the present memorandum deprives Council's exercise of certain data, notably actual system revenues and expenditures for 1975-76 and budgeted system revenues and expenditures for 1976-77. However Council has satisfied itself that its approach remains valid under such circumstances and can accordingly accommodate earlier expenditure announcements and contribute to enhanced predictability in university financing.

Inflation and Accessibility

The twin forces of rising prices and enrolment growth were identified by Council as the principal sources of pressure on a university system deemed, in Advisory Memorandum 75-VI, to be "in trouble". For 1975-76, Government had attempted to meet three stipulated objectives in its funding of the university system. These were "to offset inflationary trends, to maintain or improve existing levels of service and to accommodate predicted enrolment increases." In Advisory Memorandum 74-IV Council advised Government that its spending target would fall short of meeting the cost of these objectives. The retrospective analysis of university finances in 1975-76 offered in Advisory Memorandum 75-VI presented evidence in support of this initial judgement.

For 1976-77, Council recommended a level of basic funding for the university system that entailed objectives broadly similar to those enunciated in the Government's own words a year earlier. These were (1)"to offset inflationary trends", (2)"to *maintain* existing levels of service" and (3)"to accommodate predicted enrolment increases *at the undergraduate level*". The first objective was unchanged but for the second objective the more restrictive wording "to maintain" rather than "to maintain or improve" existing levels of service was deemed by Council as more appropriate to the current economic climate. As for the third objective, Council prescribed the accommodation of predicted enrolment increases "at the undergraduate level" only given its recommendation, accepted by Government, that the funding of graduate programs be temporarily insensitized to enrolment levels.

In fact, the operating grants provided by Government for 1976-77 more than covered Council's calculation of the cost of its three basic funding objectives, and indeed came close to meeting the sum-total of all Council's funding recommendations. For lack of data at this time, the present Memorandum cannot offer a documented analysis of the consequences of the funding levels achieved in 1976-77.

Basic funding objectives designed to offset inflationary trends, maintain existing levels of service and accommodate predicted enrolment increases at the undergraduate level are in Council's view essential if the university system is to be sustained in a framework of still rising prices and continued enrolment growth. The priority accorded by Government to university funding for 1976-77 is clear testimony of its concern for accommodating the twin forces of inflation and accessibility. At present, inflation shows hopeful signs of abating but enrolment growth is highly likely to remain a significant source of pressure well into the nineteen eighties. Council will advise later this year on some of the likely multi-year consequences of maintaining the longstanding policy whereby the Ontario university system has remained broadly accessible to the people of Canada and Ontario. This policy has underwritten the priority claim of the university system with respect to Government expenditures generally. In recommending funding levels in this Memorandum, the only responsible advice that Council can tender is that which respects the implications of this policy for likely enrolment growth in 1977-78.

To summarize, the existing setting is one in which economic circumstances and longstanding policy indicate the need to sustain the existing university system in the face of price increases and enrolment growth. Council concludes that the basic objectives appropriate to 1977-78 are identical to those it espoused and to which Government's funding level responded for 1976-77.

Costing Council's Basic Funding Objectives for 1977-78

The costing of Council's basic funding objectives for 1977-78 closely parallels the exercise undertaken for 1976-77 in Advisory Memorandum 75-VI. There are changes in some of the percentage variables applied to the figures that provide the base for Council's exercise, and to the manner in which the base figures have been derived. Each change is explained in the following description of Council's exercise, whose several components are displayed in the columns of Table I. This Table incorporates the threefold division of university system outlays consistently used by Council in its funding advice, namely salaries, fringe benefits and non-salary expenditures.

Column 1: The 1976-77 Base. The starting point in the 1977-78 costing exercise is the base that indicates Council's estimated level of university system expenditures for 1976-77. Recognizing that the Ontario College of Art joined the company of formula-funded institutions in 1976, Council has included its expenditures in the data presented in Column 1. The institutions represented in Council's 1976-77 base are accordingly the fifteen provincially-assisted universities including the Laurentian affiliates, church-related colleges for programs other than theology, the Ryerson Polytechnical Institute, the Ontario Institute for Studies in Education, and the Ontario College of Art.

The procedures used to derive the figures that appear in Column 1 depart in certain respects from the methods used in Advisory Memorandum 75-VI. These procedures are outlined in the Appendix to the present Memorandum. They were necessitated by the absence at this time of COFO-UO data on system-wide budgeted revenues and expenditures for 1976-77. In a nutshell, the procedures used by Council involve greater reliance than in the past on revenues as opposed to expenditures, but with due cross-checking of the budgeted expenditures of those institutions from whom data were available. The emphasis on revenues in Council's method of deriving its 1976-77 university system expenditure estimates yields what is if anything a conservative base.

Column 2: Inflationary Trend Costs. Given the Anti-Inflation Program of the Government of Canada, the matter of costing the objective "to offset inflationary trends" is one on which Council took its stance in Advisory Memorandum 75-VI. This stance is to calculate the cost of offsetting inflationary trends with reference to the targets that the anti-inflationary program seeks to achieve. Council takes the "basic protection factors" of the federal compensation guidelines as indicative of these targets.

The overwhelming majority of university salary settlements for the fiscal year 1977-78 will fall within a period in which the basic protection factor allows cost of living increases of 6 per cent. Since the movement of the consumer price index in the last year makes it likely that the Government of Canada will stand by this percentage, Council has applied it in Column 2 in calculating the cost of offsetting inflationary trends with respect to salaries and fringe benefits.

The non-salary area involves university outlays that are relatively evenly distributed throughout the fiscal year. The year 1977-78 embraces a time period that falls partly under a basic protection factor of 6 per cent and partly under one of 4 per cent. Recourse to these factors accordingly indicates the application of 5 per cent in calculating the cost of offsetting inflationary trends in the non-salary area.

Table I

The Cost of the Basic Funding Objectives Recommended for 1977-78: Provincially Assisted Universities, Ryerson, OISE and OCA. — ($millions)

	1	2	3	4	5	6	7
	1976-77	Inflationary Trend Cost 1977-78	Existing Service Level Cost 1977-78	Efficiency Factor (Negative)	Predicted Enrolment Costs 1977-78	Excess Capacity Factor (Negative)	Cost Of Basic Objectives 1977-78
Salaries (1)	595.0	37.1	12.7	-6.4	+ 29.6	-14.8	653.2
Fringe Benefits	62.0	3.7	1.3	-0.7	+ 3.0	- 1.5	67.8
Non-Salary	173.0	8.7	4.5	-1.9	+ 8.5	- 4.2	188.6
TOTAL	830.0	49.5	18.5	-9.0	+ 41.1	-20.5	909.6

(1) The academic portion of salary costs is adjusted to recognize the two-month discrepancy between the university fiscal year (May-April) and the common university appointment year (July-June). A similar adjustment is not made for support staff salaries because the effective dates of salary adjustments for such staff vary widely among different employee groups and different institutions.

At this juncture Council must make the following observation. As Advisory Memorandum 75-VI points out, recourse to basic protection factors is required to the extent that the goal of the Anti-Inflation Program "clearly will not be served if an objective of offsetting inflationary trends is costed with reference to the very trends that the nation seeks to control." A substantial portion of university non-salary outlays, however, is affected by price trends that the nation either does not or cannot seek to control through the Anti-Inflation Program. The key instances are energy, scientific equipment and library acquisitions. Energy prices have been excluded from the reach of the Program since its inception. Scientific equipment and library acquisitions are subject to price movements that are totally beyond the economic influence of the Program to the extent that they involve imports from other countries. It follows from the above that Council's stance on the Anti-Inflation Program does not bind it to basic protection factors in calculating the cost of offsetting inflationary trends affecting either energy or imported scientific equipment and library acquisitions.

Council's concern over the inflationary trends affecting the above items is such that it is prepared for the first time to accord them specific recognition in its funding advice to Government. On this initial occasion and given the early call for its advice, Council has chosen to do so outside the context of the immediate costing exercise. Council has accordingly applied 5 per cent to the non-salary area in Column 2, and will return to what it considers a pressing funding need later in this Memorandum.

Column 3: Existing Service Level Costs. In calculating the cost of its objective "to maintain existing levels of service," Council recognizes two major sources of real costs in the university system. These are progression through the ranks or toward the job rate in the salary area, and allowance for furniture and equipment replacement in the non-salary area.

In Column 3, Council has again applied to salaries and fringe benefits a factor of 2 per cent to allow for the net cost of progression through the ranks or toward the job rate. The validity of this allowance does not stand on the rulings that the Anti-Inflation Board may make on salary settlements with any particular group of employees in any given institution. As explained in Advisory Memorandum 75-VI, Council applies the basic protection factor as its proxy for inflationary trends without regard to what the anti-inflationary guidelines permit either for productivity gains or a particular employee group's compensation history. In calculating the cost of maintaining levels of service, the consistent approach is to allow a stated percentage for the net cost of career progression without regard to uncertainty about steps, merit or promotion. As to the actual level of 2 per cent applied for this cost by Council, its spring hearings with the university community provided additional evidence of its validity.

With respect to furniture and equipment replacement, Council in Column 3 has again applied a 2.5 per cent factor to the non-salary area. Representations made to Council in the past year indicate a clear possibility that this percentage is inadequate and Council has the matter under serious review. Because this review is in its initial stages an upward revision in the context of the present baseline costing exercise would be premature.

Column 4: Efficiency Factor. The efficiency factor is one of two negative measures or discounts that Council applies in calculating the cost of meeting its funding objectives. Explained in considerable detail in Advisory Memorandum 75-VI, the efficiency factor involves an expectation of the "productivity gains" that might be said to lie within the reach of all institutions in the university system, including those in steady state. The factor is therefore applied after allowance has been made for offsetting inflationary trends and maintaining service levels. It is at

this point in the costing exercise that Council's estimated costs are what they would be were the university system in steady state.

The danger of the efficiency factor is that it will clearly undermine the capacity of the university system "to maintain existing levels of service" if its underlying expectation of potential "productivity gains" is unrealistic. The efficiency factor of 1.5 per cent used in Advisory Memorandum 75-VI involved a productivity expectation that Council itself recognized as extraordinary in the context of labour-intensive service institutions. The validity of harboring this level of expectation was severely criticized during Council's 1976 spring hearings.

Council accepts this criticism to the extent that blind adherence over time to what by its own admission is an extraordinary level of expectation is not in the interest of either Government or the university community. Council in Advisory Memorandum 75-VI attached credibility to the suggestion that a 1 per cent efficiency factor involves a permissible expectation of productivity gains. It has therefore applied this percentage in Column 4 rather than the extraordinary 1.5 per cent used last year.

Column 5: Predicted Enrolment Costs. As Council has repeatedly noted, the main ambiguity that surrounds an objective of accommodating predicted enrolment increases lies in the reliability of the enrolment prediction, whether made by Government or the universities. The matter is further complicated by the fact that the predictive exercise is normally undertaken before official enrolment counts for the base year are available. At the time of the present exercise, universities have yet to register the students who will comprise the base year enrolment for the 1977-78 prediction.

For all this, the available information indicates that enrolment predictions from all quarters have been overly conservative in each of the last two years. This is now established as a hard fact for the year 1975-76 in which final enrolment counts produced an increase of 5.9 per cent over 1974-75. The respective predictions of the universities, Council and the Ministry had been 1.6, 3 and 4.3 per cent.

For funding purposes in 1976-77, the first year of formula insensitivity to graduate student enrolment, Council predicted a 5.3 per cent increase in undergraduate enrolment. The latest data on applications indicate that this too will prove to be an underestimate, but only moderately so in relation to what developed in 1975-76. Taking into account both applications and current retention rates, there is a distinct possibility of a 6 per cent increase in undergraduate enrolment for 1976-77. with respect to 1977-78, Council's best prediction is for a further increase in undergraduate enrolment of 5.7 per cent. This factor is applied in Column 6 to the estimated 81 per cent of system-wide expenditures that relate to undergraduate programs.

Column 6: Excess Capacity Factor. The excess capacity factor is the second of the two discounts that Council applies in estimating the cost of its basic funding objectives. It rests on the assumption that the state of capacity in the university system as a whole permits the accommodation of additional enrolment at a marginal cost lower than average cost. In Advisory Memorandum 75-VI, Council for 1976-77 applied an excess capacity factor of 50 per cent. For 1977-78, the operating grants submission presented by the Council of Ontario Universities applied a factor of 35 per cent.

Council infers from partial evidence that the university system can still accommodate enrolment growth at a marginal cost lower than that assumed by the suggested C.O.U. factor. The implied extent of surplus capacity of course comes closer to exhaustion with each successive year of enrolment growth. Council will apply itself during the coming months to making multi-year estimates of enrolment growth together with tentative estimates of the costs of accommodating such

enrolments. Successive reductions in the difference between marginal and average costs are to be expected and the level of Council's excess capacity factor will come to be governed by these considerations. As to the 1977-78 excess capacity factor used in Column 6, Council's inference from available evidence leads it to adhere, but possibly for the last time, to a level of 50 per cent.

Column 7: Cost of the Basic Objectives. The final Column of Table I simply adds to Column 1 the sum of the positive and negative figures that appear in Columns 2 through 6. The resulting grand total of $909.6 million represents Council's best estimate of the cost of its basic objectives in funding the Provincially-assisted universities, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art in 1977-78.

The Potential Cost to Government of Council's Basic Funding Objective

Council's earlier funding exercises were performed under circumstances in which there existed a prior Government commitment that there be no increase in tuition fees. Since no commitment currently exists with respect to 1977-78 fees, the next step in the present exercise is to indicate what is labelled the potential cost to Government of Council's basic funding objectives. This is done in Table II by deducting from the total cost of $909.6 million Council's 1977-78 estimate of tuition fee revenues at prevailing rates, together with its estimate of what will constitute other revenue in the same year.

The tuition fee deduction of $133.9 million is based on the $125.6 million that the Appendix to this Memorandum indicates as the likely level of fee revenue in 1976-77. The amount estimated for 1977-78 is almost entirely attributable to Council's predicted undergraduate enrolment increase for that year of 5.7 per cent. No allowance is made for the revenue consequences of possible changes in graduate enrolment. Given the higher fees that apply in 1977-78 to newly enrolled foreign students, Council's estimate of $133.9 million includes $2 million from this source.

The recorded deduction in Table II of $72.9 million for other revenue in 1977-78 is 5 per cent above the $69.4 million estimate of 1976-77 other revenue that appears in the Appendix. This rate of increase represents a judgement made by Council after according due consideration to recent downward trends in MCU's line budget grants for operating purposes, upward trends in other provincial grants and miscellaneous university revenues, and a possible reduction in short term interest rates that may be related to receding inflation.

Table II

Potential Cost to Government of Council's Basic Funding Objectives for 1977-78: Provincially Assisted Universities, Ryerson, OISE and OCA ($ Million's)

Cost of Basic Funding Objectives (Table I, Column 1)	909.6
Deduct: Tuition and Other Fee Revenues at Prevailing Rates	- 133.9
Other Revenues	- 72.9
Potential Cost to Government of Basic Funding Objectives	702.8

As Table II indicates, if Council's basic funding objectives are to be met in 1977-78, the potential cost to Government is $702.8 million. This involves a 10.7 per cent increase over the 1976-77 total of $635 million made available by Government in the form of formula, graduate, supplementary, bilingualism and Northern Ontario grants to the institutions covered by Council's costing exercise. The cost to Government is a potential one because the actual cost to Government hinges on tuition fee policy for 1977-78. Before addressing this matter in the context of its recommendations, Council must deal with the question of additional funding needs.

Additional Funding Needs

Council distinguishes two categories of additional funding needs. The first is occasioned by special institutions and policy matters. The second arises to the extent that Council discerns particular circumstances whose consequences are deemed sufficiently serious for the university system as a whole to warrant a recommendation for additional across-the-board funding.

Special Institutions and Policy Matters. As currently defined by Council, Special Institutions and Policy Matters encompass the Bar Admission Course, theology programs and any items of enrichment that should be considered by Government as matters of policy.

With respect to enrichments that might arise from policy considerations, Council makes no requests for 1977-78. Additional funding need in the area of Special Institutions and Policy Matters is therefore limited to the Bar Admission Course and theology programs by virtue of their exclusion from Council's costing exercise. Because uncertainty attaches to the number of institutions that may accept the Government's conditions for full formula funding of their theology programs during the coming year, Council must allow for the maximum amount to which Government might be committed if all institutions accepted the full funding option open to them. Under these circumstances, Council has estimated the funding need generated by the Bar Admission Course and Theology programs as involving commitments of up to $3.3 million for 1977-78.

In the policy realm, Council wishes to give notice that bilingualism grants will constitute a priority item in its consideration of possible enrichments for 1978-79, and is joined in this matter by the Advisory Council on Franco-Ontarian Affairs. For 1977-78, the two bodies agree that bilingualism grants should only be subject to an economic adjustment, and this is encompassed both by this Council's 1977-78 costing exercise and by its allowance for the support for theology programs.

Particular Financial Circumstances. Given its respect for the current economic climate of restraint, Council has been highly selective in assessing what particular circumstance might be sufficiently compelling to warrant advancing a case for additional funding at this time. In the final analysis, Council decided to advance a single case in the light of a financial circumstance that it deems to be indeed compelling. This circumstance stems from the inflationary trends affecting what Council estimates to account for some 40 per cent of university non-salary expenditures, namely energy and imports, the latter principally composed of scientific equipment and library materials. As pointed out earlier in this Memorandum, Council's own stance on the Anti-Inflation Program does not bind it to the application of basic protection factors in calculating the cost of offsetting inflationary trends affecting these categories of expenditure.

These expenditure categories are matters of the most basic system-wide need. For all the economies they have realized and will continue to seek in the domain of energy, universities cannot escape utility bills whose rate of increase has been excluded by deliberate policy from the reach of the Anti-Inflation Program. As for

scientific equipment and library acquisitions, these are not only fundamental to education and research; they are precisely the items that have been affected by the process of capital consumption identified in Advisory Memorandum 75-VI as a matter for the most serious long-run concern. Information received from the university community indicates that over 90 per cent of scientific equipment and library acquisitions are imported and accordingly beyond the reach of the Anti-Inflation Program. It is to be noted that library materials in particular have been subject to price increases that far exceed the prevailing movement of general price indices in the countries of the world.

It is all too unhappily evident to Council that energy, imported scientific equipment and library acquisitions from other countries will as a group remain subject to double-digit inflation. In this setting, the most conservative recognition of the inflationary trends affecting these expenditure categories could not call for an inflationary allowance less than twice the 5 per cent applied by Council to the total university non-salary expenditures in the costing exercise undertaken earlier in this Memorandum. Allowing 10 rather than 5 per cent as an inflationary allowance for the relevant portion of these expenditures leads Council to advance an additional funding claim of $3.5 million for the support of the university system in 1977-78. This involves minimal recognition of what must be deemed a truly pressing funding need.

Funding Recommendations for 1977-78

The basic costing exercise undertaken in this Memorandum indicates a potential cost to Government of $702.8 million in 1977-78. This represents a 10.7 per cent increase over the 1976-77 total of $635 million made available by Government in the form of formula, graduate, supplementary, bilingualism and Northern Ontario grants to the fifteen provincially-assisted universities including the Laurentian affiliates, church-related colleges for programs other than theology, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art. In addition, consideration of Special Institutions and Policy Matters involves a 1977-78 funding level of up to $3.3 million, this amount to be applied solely to the Bar Admission Course and theology programs, all of which are excluded from Council's basic funding exercise. Finally, recognition of particularly pressing circumstances affecting the financial condition of the university system leads Council to request additional funding of $3.5 million.

Since there has been no commitment by Government to hold tuition fees at their present level in 1977-78, the above amounts all represent potential costs to be considered in the light of what might constitute tuition fee policy for that year.

During the last decade, Government essentially assumed *de facto* control of tuition fee levels. The exercise of the universities' *de jure* fee setting prerogative was limited to a few marginal departures from formula fees which were of minimal financial consequence. Government's scheme of financial assistance to students has taken account of actual tuition fee levels; as a result higher fees consequent upon the free exercise of the *de jure* fee prerogative by any institution would induce an additional public expenditure over which Government had no control. The implications for university autonomy have been questionable, but the locus of responsibility has been clear. Government assumed responsibility for the level of grants, fees and student assistance, and hence for the basic funding of the university system.

The immediate matter of recommending basic funding levels is in Council's view not the occasion for reassessing the burden of responsibility that Government has assumed over a decade. Council appreciates the current economic climate, and notes the sizeable reduction in the increase implied by its funding claim. For

1976-77, Council's recommendations implied expenditure increases of 13.8 and 15.3 per cent. For 1977-78 the comparable percentage increases in this Memorandum are 10.7 and 11.2. Government should consider these increases in the context of the burden of responsibility it has assumed.

So as to emphasize its position that with respect to the funding levels indicated by this Memorandum, the relevant mix of grants, fees and student assistance is a matter of Government responsibility, Council *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 76-7
Funding Level for 1977-78 to meet the Cost of Basic Objectives in Funding the Operation of the Provincially-Assisted Universities, Ryerson, The Ontario Institute for Studies in Education and The Ontario College of Art

That the 1976-77 Government expenditures of $635 million on behalf of the provincially-assisted universities, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art be increased to provide, through grant or fee increases compensated by student assistance, a 1977-78 funding level of $702.8 million.

OCUA 76-8
Funding Level for 1977-78 on behalf of the Bar Admission Course and Theology Programs

That there be provision for a 1977-78 funding level of $3.3 million on behalf of the Bar Admission Course and theology programs.

OCUA 76-9
Funding Level to recognize additional need of the university system

That consideration be given to a further $3.5 million in recognition of the additional need of the university system.

Capital Assistance

Protecting an Interim Plateau

The timing of this Memorandum finds Council some months away from recommending changes in capital assistance policy. Some of these changes may affect the manner in which Council advises on future levels of capital assistance, but their impact is now necessarily deferred to 1978-79 and subsequent years. Other changes in capital policy that might appropriately affect the distribution of 1977-78 assistance will be recommended in time to be considered for implementation in that year.

With respect to the needed level of capital assistance for 1977-78, Council's immediate priority is to protect what it has called the current interim plateau of capital assistance. Recent events indicate that this plateau is particularly vulnerable to sudden shifts occasioned by the current economic climate.

The December, 1975 response to the capital assistance recommendation made by Council in Advisory Memorandum 75-VI was positive in that it indicated that "funds in the amount of $11.8 million will be made available in 1976-77 for building renewal, repairs and maintenance projects." However it was subsequently found necessary to reduce this amount to $10.2 million composed of $6.1 million in OUCAC lending, $3.3 million in general Ministry grants, and $0.8 million for energy management and operating cost savings projects. The resulting shortfall from $11.8 million is $1.6 million.

Especially because the current level of capital assistance is at an interim plateau, Council urges that this 1976-77 shortfall be restored in 1977-78. In recommending a level of capital assistance for that year, Council accordingly deems the appropriate base to be the sum of $11.8 and $1.6 million, adjusted for inflation by the identical 5 per cent applied in Column 2 of Table I to the non-salary area of university system operating expenditures. As in the past, Council considers the resulting sum of $14.1 million to be net of any carryovers and new construction projects. Council therefore *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 76-10
Level of Capital Assistance for 1977-78

That funds for capital assistance in 1977-78 be $14.1 million plus any amounts necessitated by carryovers and new construction projects.

J. S. Dupré
Chairman

August 20, 1976

Appendix to Advisory Memorandum 76-III

Estimating University System Expenditures in 1976-77

The figures that appear in Column 1 of Table I in this Memorandum represent Council's estimate, as of August, 1976, of university system expenditures in 1976-77. This appendix describes the exercise whereby these figures were derived. System-wide financial returns on budgeted revenues and expenditures for 1976-77 were not yet available at the time this Memorandum was written. The timing of the Memorandum also deprived Council of system-wide returns indicating actual revenues and expenditures in 1975-76. It accordingly proved necessary to develop a method of estimating university expenditures for 1976-77 on the basis of the financial information at hand, which was comprised of the following:

(1) known levels of system-wide operating support made available by Government for 1976-77 in the form of grants;

(2) system-wide information given to Council on the size of budgeted deficits for 1976-77 and likely actual deficits for 1975-76;

(3) 1976-77 budgeted revenues and expenditures for 12 provincially-assisted universities, Ryerson and OISE, hereafter referred to as Council's 1976-77 sample budgets;

(4) 1975-76 actual revenues and expenditures for 11 provincially-assisted universities and OISE, hereafter referred to as Council's 1975-76 sample actuals;

(5) actual enrolment levels in 1975-76;

(6) the retrospective analyses of university finances published in Appendices A and B of Advisory Memorandum 75-VI;

(7) annual COFO-UO budgeted revenues and expenditures through 1975-76;

(8) annual COFO-UO actual revenues and expenditures through 1974-75; and

(9) miscellaneous data obtained by Council staff.

The first item in the above list, Government grants for 1976-77, involves known amounts that have comprised more than three-quarters of system-wide revenues in recent years. This fact invites an exercise that begins with the revenue side of the university financial equation.

Council's estimate of system-wide revenues in 1976-77 appears in Table A-I. Known amounts determine the figures for formula and non-formula grants shown in the Table. They also determine $32 million of the $69.4 million shown in the Table as other revenue. The $32 million includes grants to compensate for municipal taxation, the grants paid by the Ministry of Education to the Ontario Institute for Studies in Education and by the Ministry of Agriculture and Food to the University of Guelph, and the allocations for special or "line budget" grants made to institutions by the Ministry of Colleges and Universities for other than capital purposes. Almost half of 1976-77 other revenue is accordingly known.

For the remainder of other revenue, which ranges from short-term interest to minor local government grants, reference was made to Council's 1976-77 sample budgets, and a trend established in relation to Council's 1975-76 sample actuals. The resulting estimate of $37.4 million, added to the $32 million in grants, yields the other revenue figure shown in the Table.

As for tuition and other fee revenue, the other fee component was escalated with reference to trends indicated by Council's 1975-76 sample actuals. With respect to tuition fees proper, reference was first made to the 1974-75 actual revenue. Because tuition fee levels were frozen in 1975-76, revenue from tuition fees for that year was estimated by adjusting the 1974-75 revenue for actual enrolment levels in 1975-76. An adjustment was then made to combined 1975-76 tuition and other fee revenue for anticipated enrolment increases in 1976-77, when tuition fee levels were again frozen. The end result is the $125.6 million that appears in Table A-I. Although foreign students who may newly enrol as of January 1, 1977 will be subject to new and higher tuition fee levels, total university revenue for 1976-77 will not

be affected because such students will entail an offsetting grant reduction.

Estimated system-wide revenue for 1976-77 is accordingly $830 million. At this point Council considered the extent to which 1976-77 expenditures might be sustained by deficits as well as this revenue level. The information received from all institutions by August, 1976, indicated the likelihood of an actual system-wide deficit of $5.7 million in 1975-76.

In the course of its deliberations, Council had recourse to the analysis undertaken in Advisory Memorandum 75-VI. Budgeted revenues and expenditures for 1975-76 indicated a deficit for that year of $16.1 million. Its analysis of the in-year behaviour of revenues and expenditures led Council to forecast a 1975-76 actual deficit of $7 million. This slightly exceeds the $5.7 million of which Council is now informed.

Council observed in Advisory Memorandum 75-VI a pronounced tendency whereby actual revenue turns out to be higher than budgeted revenue, which is conservatively estimated as a rule. This, together with such in-year expenditure reductions as were occasioned in the face of large budgeted deficits, explains what appears to be the outcome for deficits in 1975-76.

Table A-1

Estimated Revenues for Provincially-Assisted Universities, Ryerson, OISE and OCA: 1976-77 ($ million's)

Formula grants	**$625.2**
Non-Formula Grants	**9.8**
Other Revenues	**69.4**
Tuition and Other Fees	**125.6**
Total Revenues	**$830.0**

With respect to budgeted deficits for 1976-77, Council's information as of August, 1976, indicates a system-wide figure of $5.9 million. Council's earlier analysis of the in-year behavior of budgeted revenues and expenditures has led it to deem it likely that a $5.9 million budgeted deficit for 1976-77 will yield a negligible actual deficit for that year. In the absence of the relatively detailed analysis that the availability of data permitted in Advisory Memorandum 75-VI, Council has chosen to make the deliberate assumption that deficits will not sustain a 1976-77 expenditure level that is higher than its $830 million in estimated revenue.

The figure of $830 million accordingly becomes Council's estimate of 1976-77 university system expenditure and the base of its costing exercise. It is above all Council's elimination of a possible system-wide deficit that yields an expenditure estimate which, in the words of the text, "is if anything a conservative base."

Council's final step has been to distribute its estimated expenditure total of $830 million among salaries, fringe benefits and non-salary outlays. Reference was made in the first instance to Council's 1976-77 sample budget. The percentage composition of total expenditures in this sample was then compared with the year-to-year changes in the percentage composition of system-wide expenditure since 1972-73. Such changes have been small. Furthermore, because it happens that sets of factors applied in Council's costing exercise vary little as between the salary-fringe benefit area and the non-salary area, the consequence of any error in Council's

approximate composition is minimal. To take an example, a 1 per cent overestimate in the percentage share of salary expenditure will increase the cost of Council's basic funding objectives by only $46,000.

The percentages applied to the estimated expenditure total of $830 million in order to yield the figures shown in Column 1 of Table I are for salaries 71.7, for fringe benefits 7.4 and for non-salary expenditures 20.9.

76-IV Graduate Program Planning

Future Directions in the Planning Process

A detailed outline of the evolution of the graduate program planning process was given in Advisory Memorandum 75-IV, which was the first formal document issued by Council on this subject. Here Council was pleased to acknowledge a record of solid accomplishment. In the beginning, the graduate planning process was seen as a response to legitimate anxieties over a rapid rise in enrolment which gave every indication of continuing indefinitely. Today, a five-year record of relatively steady enrolment levels indicates that the size of the graduate enterprise need no longer be a matter of prime concern. In the beginning, the universities had virtually no experience with cooperative planning and program assessments. Today, universities experienced in cooperative planning are collectively assigning priority to program quality.

In the spring of 1976, the brief presented to Council by the Council of Ontario Universities suggested the following as major future directions in a graduate planning process tailored to a changing environment (*Graduate Planning in Ontario Universities*, p. 19):

i) the improvement of quality of the graduate activity through strengthening the appraisals process and extending it to programs hitherto exempted,

ii) the need for individual universities to establish firm institutional priorities with regard to the strengthening or closing of programs that are found to be inadequate,

iii) an earlier role for ACAP in the planning of new programs so that system factors can be considered before institutional resources are set in place,

iv) the need for reassessment in those disciplines in which significant changes have occurred since the assessment or in those instances where the original assessment is believed to have been less than adequate.

In that its memoranda on graduate planning are meant to further an ongoing dialogue with the university community, Council's response to these suggested directions is positive and indeed enthusiastic. Following from Advisory Memorandum 75-IV, the primacy accorded by C.O.U. to considerations of quality is exactly in line with Council's own view of the public interest in the substantial investment that the Ontario graduate enterprise represents. As for the importance of firm institutional priorities, it was precisely to facilitate the making of hard institutional choices that Council espoused, in Advisory Memorandum 75-V, a period of formula suspension with respect to the funding of graduate work. The earlier role envisaged for ACAP in the planning of new programs can only enhance the soundness of major investment decisions. Finally, the recognition accorded to the need for reassessment where circumstances dictate is in direct response to the exhortation made by Council in this respect in Advisory Memorandum 75-IV.

In a setting where Council applauds the future directions of graduate program planning outlined by C.O.U., it seeks in this memorandum to expand dialogue on this subject by making concrete suggestions in two areas. The first involves the desirability of adopting a quinquennial approach to the planning process. The second invites immediate consideration of the need to establish a series of macro-indicators that will yield a general profile of graduate programs and accordingly assist institutions as well as the collectivity in the development of the planning process.

A Quinquennial Approach to Planning

Council's views on the desirability of a quinquennial approach to planning evolved from its institutional hearings in the spring of 1976. On this subject, Council is pleased to acknowledge its particular indebtedness to the brief submitted by the University of Toronto. Council discerns that a quinquennial approach offers major

advantages for the orderly development of graduate work in Ontario. Universities can plan within a fixed time horizon without the feeling that longer-run developments will be frustrated unless all program proposals are put forward at once. Universities can make their objectives more specific in response to the educational and economic environment that prevails within each quinquennium. It is easier and more realistic to set objectives for a five-year period than to discern them for an undefined future. There are times for growth and there are times for consolidation.

Council's spring hearings have made it clear that the launching of a first quinquennium will coincide with a time for consolidation. The situation will probably be vastly different with respect to a second quinquennium. By the mid-nineteen eighties, for example, it will be necessary to anticipate the general university staffing needs that are likely to materialize in the nineteen nineties. But for the purposes of the initial quinquennium the following are broadly indicative of the objectives that should be pursued:

i) the protection and enhancement of the quality of doctoral programs,

ii) the elimination or prevention of unnecessary duplication of graduate programs at all levels,

iii) the necessity of ensuring that the outstanding doctoral programs in Ontario remain viable despite the possible decline in student numbers,

iv) the development of new fields of study in which there is a genuine need.

So that the first quinquennium can be launched in an orderly fashion, Council would propose that the university community consider it as embracing the years 1979-80 through 1983-84.

By 1978-79, the three-year plans used in the past should have been replaced for each institution by a five-year plan encompassing this period. Council is particularly anxious to ensure that the first quinquennium begin on a foundation of rigorous appraisal schemes and of assessment methods that ensure high qualitative standards and as much consistency as possible between disciplines. Revised assessment and appraisal processes should therefore be well established by 1978-79. With respect to the more independent role envisaged for ACAP in the *Report of the C.O.U. Special Committee on the Financial Implications of Graduate Planning*, this too should already be an established reality. By 1978-79 Council for its part would undertake to recommend to Government a scheme of graduate funding designed to hold from 1979-80 through 1983-84.

It would be grossly premature for Council to make any suggestions at this time as to how established graduate programs might be funded during the first quinquennium. This must be deferred until some concrete observations of enrolment patterns during the current period of formula suspension are available. However with respect to new programs in the first quinquennium, Council will wish to discuss with the universities at its forthcoming spring hearings the advisability of the following stringent funding criteria. These would be that 1) a manpower need in Ontario and Canada is plainly apparent, 2) no similar program is available in Ontario, and 3) the proposed program is rigorously appraised.

The new programs to which the above criteria would apply in the first quinquennium are to be distinguished from those programs that were in various stages of the funding approval process at the time of formula suspension. As Council has already pointed out in Advisory Memorandum 75-V, universities are free to mount such programs without financial penalty if they are part of existing plans and have been successfully appraised. Formula insensitivity to enrolment levels does of course necessitate hard priority choices on the part of institutions. Since this is one of the desirable end results of the period of formula suspension, Council would wish to devise a future funding arrangement that would protect

those programs that had indeed proceeded in the wake of such hard choices during the period of formula suspension.

There is a distinct category of programs that demands a different kind of attention well before the advent of the first quinquennium. Council refers to programs already being funded that have been recommended for reappraisal by ACAP and C.O.U. Included in this category would be similar programs under assessment now and in the immediate future. Council invites C.O.U. to ensure that these programs are rigorously appraised for quality.

A Profile of Graduate Programs

To assist Council in coming to grips with the future of graduate funding, and for that matter to assist the universities and the collectivity in planning the first quinquennium, a general profile of graduate programs in Ontario is highly desirable. Given time constraints, Council believes on the basis of its spring hearings that immediate priority should be given to a profile of doctoral programs. During the last few years Council has been informed that student numbers have dropped dramatically in some doctoral programs and increased substantially in others. Coupled with this is the report that in some disciplines students leave before finishing their degree programs because they are offered good positions. In other disciplines they may leave because they cannot afford to complete the program. Council is also aware of the concern expressed by many researchers that support from the national granting agencies has decreased, at least in terms of purchasing power, over the past few years.

The present time is none too soon for an effort to bring such concerns under the light of statistical data. What is involved initially is the compilation of a few simple macro-indicators in a brief time series designed to capture recent trends. Council hereby formally requests the Council of Ontario Universities, through ACAP or such other agency as it chooses, to provide by June of 1977 five macro-indicators for each doctoral program in Ontario. The information should be presented discipline by discipline and delivered to all universities as well as to Council. For the years 1974-75, 1975-76 and 1976-77 the data should indicate:

1) the number of full time faculty and the number of part time faculty involved in each program;

2) the number of full time students and the number of part time students registered in each program, for the above years and in addition for the years 1970-71, 1971-72, 1972-73 and 1973-74;

3) the number of students holding scholarships competitively awarded by agencies external to the university;

4) the dollar level of the peer-adjudicated research grants awarded by national granting agencies to faculty within the program;

5) the number of doctoral degrees awarded.

Council believes that the information requested may well serve not only its own purposes but others that more properly pertain to the internal planning processes of the institutions and the collectivity. Thus, for example, the macro-indicators for all doctoral programs in a given institution may be of assistance as a starting point for individual governing bodies as they grapple with the problem of priorities for the future. At the system level it is possible that ACAP may find these indicators useful when the committee faces the questions about which disciplines should be assessed or re-assessed. In facing such questions, ACAP may well wish to collect more information than that requested. Meantime Council's purposes will have been served by the provision of the relatively straightforward and easily collected macro-indicators it has requested.

The Period of Formula Suspension

The period of formula suspension with respect to the funding of graduate work currently embraces the years 1976-77 and 1977 78. In Advisory Memorandum 75-V, Council stated that it wished to keep under advisement the question of whether enrolment insensitivity in the funding of graduate study should be extended to 1978-79 "so that it can duly weigh developments in planning and decision-making as they emerge."

Council's spring discussions with the university community, together with the preparation required for the quinquennial approach to planning suggested in this Memorandum, speak in favor of extending the period of formula suspension to 1978-79. In its own presentation to Council, C.O.U. stated that

> "To provide a period of reasonable stability for the revision process and to provide a better data base on which to assess the results of the desensitization of funding to enrolment, it is recommended that the new funding procedure adopted in Advisory Memorandum 75-V be extended for an additional year."

In light of these considerations, Council *recommends to the Minister*

OCUA 76-11

Extending the Period of Formula Suspension with respect to the Funding of Graduate Work

That the current period of formula suspension with respect to the funding of graduate work be extended to 1978-79.

J.S. Dupré
Chairman

October 2, 1976

76-V Funding Arrangements for Programs of the Ryerson Polytechnical Institute in 1977-78 and 1978-79

By letter of October 14th 1975, the Minister of Colleges and Universities formally referred to Council the task of advising on "continued funding of unauthorized degree programs at Ryerson Polytechnical Institute." Since this reference was received, Council and its staff have met formally and informally with representatives of Ryerson and officials of the Ministry of Colleges and Universities to explore past problems and possible courses of action for the future. At this time, Council is prepared to advise formally on the funding of Ryerson programs for the years 1977-78 and 1978-79. By the end of this two-year period, Council will produce firm advice on the mechanisms through which Ryerson programs can be fully authorized for funding purposes.

The Unique Role of Ryerson

From its inception, and through three decades of rapid change in its environment, Ryerson has sought to be unique among institutions of higher education in Ontario in its curricular orientation and practical emphasis. Ryerson offered specific programs of instruction in response to identified needs that were province-wide and indeed national in scope. In the words of its current President, "Ryerson served a need; there was no necessity to hammer out an identity. The function was the identity. The Institute's success was its justification."

The advent of the provincial Colleges of Applied Arts and Technology highlighted the desirability of bringing into clearer focus a uniqueness henceforth circumscribed by a post-secondary system dominated on the one hand by traditional universities and on the other by the new Colleges. Whether Ryerson would preserve its uniqueness in association with either of these camps, or would be assimilated into one or the other, has been a question whose answer has not been clarified to the satisfaction of all concerned. A case in point is the Five-Year Plan for the period 1976 to 1981 submitted in the spring of 1976 by Ryerson to Council. Council agrees with Ryerson that this document constitutes only a preliminary step but feels obliged to observe that the Plan does not allay concern that Ryerson may be moving toward degree programs whose scope is characteristic of those traditionally offered in Ontario universities.

If Ryerson is to be assisted in preserving its uniqueness, the more obvious structural alternatives include:

- a special relationship between Ryerson and the Ontario Council on University Affairs whereby Council itself, or its appointed agents, would undertake to review and approve each new program or program change proposed by Ryerson;
- a special relationship between Ryerson and the Ontario Council on University Affairs whereby Council itself, or its appointed agents, would review and approve a detailed plan for Ryerson every five years;
- internal changes in the governance of Ryerson, including possible amendments to its Act, such as to ensure that community, business and labour representatives would have direct input into, and a major say in, the planning and approval of each and every program.

Through its Chairman and Vice-Chairman, Council has already encouraged Ryerson to explore these and other alternatives. The eventual choice and, for that matter, the inherent value of Ryerson's uniqueness, should be determined within the next two years. At a meeting with Council in November of 1976, Ryerson declared itself in favour of bringing forward all degree programs for Council's funding approval in future. Given the alternatives outlined above, Council believes that its endorsement of this proposal would be premature at this time.

Council's explicit preference is for what appears to be a broader recommendation advanced by Ryerson at the same meeting whereby the Institute will bring

forward acceptable mechanisms for assuring that all degree programs "will have an appropriate level of academic excellence, a clearly expressed societal need and a defined level of financial viability." This does not prejudge the eventual choice of a suitable structural alternative. Council would add, however, that such mechanisms as might be advanced by Ryerson should not be limited in scope to new degree programs. Rather, they should provide a framework within which all offerings, including certificates and diplomas as well as degrees, might be reassessed on a cyclical basis so as to ensure an explicit balance among societal needs, the creation of new programs and the continuation of existing programs.

Ryerson envisages that a two-year period will be required before it can devise the mechanisms it would wish to bring forward for Council's assessment. During this time, Council expects to meet with the Institute both formally and informally to discuss its progress. Council must be apprised of Ryerson's final conclusions in the autumn of 1978 so that its own advice can be forwarded to the Minister in time to affect funding decisions for 1979-80.

Interim Arrangements for 1977-78 and 1978-79

The years 1977-78 and 1978-79 require interim arrangements for the funding of Ryerson programs. These arrangements should encompass all existing certificate and diploma programs. With respect to degree programs, Council accepts Ryerson's explicit undertaking, outlined in November of 1976, not to present any new degree programs for funding during the two years involved. Ryerson noted that Nursing might constitute the sole exception to this undertaking but Council is not prepared to hold out any promise at this time.

There remains the question of what are to be deemed "existing degree programs" for the purpose of the interim arrangements. This question arises because Ryerson degree programs, with the sole exception of Applied Geography, have been funded under special dispensation from the Minister. This dispensation was granted because of an apparent misunderstanding by Ryerson of funding approval procedures. Council has reviewed correspondence between the Ministry of Colleges and Universities and Ryerson during the years 1972 through 1975. Council has concluded that no reasonable cause for misunderstanding continued to exist once a letter dated December 18, 1974 from the Assistant Deputy Minister (University Affairs Division) was received by Ryerson. To Council it follows that the devising of interim arrangements for 1977-78 and 1978-79 is not the appropriate occasion for enlarging the terms of what is already a special funding dispensation. These interim arrangements should, therefore, be limited to the degree programs funded under special dispensation in 1976-77.

The following are consequently deemed to lie beyond the scope of "existing programs" for funding purposes in 1977-78 and 1978-79: the fourth year of the degree program in Graphic Arts Management, and the final year of the degree program in Air Transport Engineering. With respect to the recently restructured program in Social Services, Council concludes that it can be embraced by the interim funding arrangements because it is essentially a revised version of the degree program already covered by special dispensation. Council accordingly *recommends to the Minister:*

OCUA 76-12

Interim Arrangements with Respect to Operating Grants to Ryerson for 1977-78 and 1978-79

That for funding purposes in 1977-78 and 1978-79, the eligible Ryerson degree, diploma and certificate programs be those programs that were funded in 1976-77, it being understood that the funding eligibility of enrolment in Air

Transport Engineering, Graphic Arts Management and Social Services will be determined in a manner consistent with the considerations outlined in this memorandum.

In concluding this memorandum, Council wishes to take note of a specific Ryerson request in the realm of capital funding. This request is that during the two-year period of interim funding arrangements with respect to operating grants, Ryerson should not be put at any disadvantage in terms of bringing forward its capital needs in the normal fashion. In a setting where the extremely restricted availability of capital funds has placed all institutions in a disadvantaged position, it is Council's view that no particular purpose would be served by specifying additional restrictions for Ryerson.

J.S. Dupré
Chairman

December 10, 1976

76-VI The Allocation of the Government's Operating Support for the University System in 1977-78

On November 25, 1976, the Minister of Colleges and Universities announced to the Legislature of Ontario the Government's expenditure target for the operating support of the university system in 1977-78. Simultaneously, the Minister announced an adjustment to fees and "suggested that universities increase their tuition fee for a two term academic year by $100." Taken together, these announcements produce a fiscal result that fully meets the funding recommendations advanced by Council in Advisory Memorandum 76-III with respect to operating support in 1977-78.

In this Memorandum, Council advises on the distribution of $689.6 million in operating grants, which is the Government's global target of $703.1 million less $13.5 million retained by the Minister for items under Ministry budget review. The portion of the $689.6 million that can be recommended for distribution by formula in the form of graduate and undergraduate grants is determined, with due allowance for contingency and the funding of theology programs, after Council has made its recommendations on Northern Ontario, Bilingualism, Supplementary and Special Grants for 1977-78.

Northern Ontario Grants

For 1976-77, which was the second year in which Northern Ontario grants were paid, Council took pains to develop a method whereby the level of these grants could be readily calculated from year to year until further notice. In devising what is essentially a "mini-formula" for Northern Ontario grants Council wished to give to each Northern institution a measure of predictability in its forward budgetary planning. The elements of the mini-formula, together with their applicability to each institution, are fully outlined in Advisory Memorandum 75-VII. Council has applied these elements in calculating grant amounts for 1977-78, and accordingly *recommends to the Minister:*

OCUA 76-13
Northern Ontario Grants 1977-78
That Northern Ontario Grants be made in 1977-78 in the following amounts:

Lakehead	$1,257,000
Laurentian	$1,223,000
Algoma	$158,000
Hearst	$92,000
Nipissing	$187,000

Bilingualism Grants

At the present time, Council remains in search of methods whereby the level and distribution of bilingualism grants could come to acquire some of the elements of the predictability that prevails with respect to Northern Ontario grants. Council gratefully acknowledges the assistance it has been receiving in this search from the Advisory Council for Franco-Ontarian Affairs. Council is likewise indebted to that body for its suggestions on the determination of these grants for 1977-78, which hopefully will be the last year in which bilingualism grants must be recommended without prejudice to the level or distribution that should prevail after the completion of adequate study. In line with these suggestions, Council has increased the total bilingualism grants that were paid in 1976-77 by the percentage increase over 1976-77 that will likely materialize in the total Basic Operating Income of the eligible institutions, including in the cases of Glendon, St. Paul and Sudbury, the Basic Operating Income of the universities with which they are affiliated. So that the total amount assigned to bilingualism grants for 1977-78 is firmly fixed, Council deems its preliminary estimate of 1977-78 Basic Operating Income made

for the purpose of the immediate exercise as yielding the final percentage adjustment warranted for total bilingualism grants in that year. In that Council's estimate of Basic Operating Income in the eligible institutions for 1977-78 represents an increase of 9.84 percent over 1976-77, the application of this percentage to the $3,849,000 disbursed in bilingualism grants during 1976-77 yields a total available for 1977-78 of $4,228,000. As for the allocation of this total, Council after due deliberation has adopted the suggestion of the Advisory Council for Franco-Ontarian Affairs that the distribution be identical to that which prevailed in 1976-77. Council accordingly *recommends to the Minister:*

OCUA 76-14
Bilingualism Grants 1977-78
That bilingualism grants be made in 1977-78 in the following amounts:

Ottawa	$3,172,000
Laurentian	$758,000
Glendon	$177,000
Hearst	$25,000
Sudbury	$32,000
St. Paul	$64,000

Supplementary Grants

The area of supplementary grants has had, since the time of Council's formation, a prominent place on its agenda and has been discussed at length in its advisory memoranda. As a result of Advisory Memorandum 75-VII and the Minister's acceptance of the recommendations therein, only three universities — Lakehead, Laurentian and Trent — may be considered for supplementary grants in 1977-78.

In line with the considerations laid out in that Memorandum, Council re-emphasizes that time as well as size must play a prominent role in the emergence of these institutions onto formula funding. As Council noted in that document, emphasis on time as a criterion for emergence is not new and indeed was repeatedly urged in the period 1969-73 by the Committee on University Affairs, officials of the Ministry of Colleges and Universities, and indeed the Minister of Colleges and Universities. In associating itself explicitly with this emphasis, Council unambiguously expressed its wish "to communicate to Lakehead, Laurentian and Trent in the clearest possible terms that its advice to Government will in the coming years openly urge further emphasis on time as a major factor in emergence onto formula funding."

In arriving at a level of supplementary grants it deems appropriate for 1977-78, Council has chosen to remain true to the clear thrust of its communication by moderately accelerating year-to-year reductions in the amounts recommended, while maintaining awareness of the immediate impact of enrolment averaging on formula income and of the proportion of Basic Operating Income represented by the supplementary grants of the recipient institutions. Council accordingly *recommends to the Minister:*

OCUA 76-15
Supplementary Grants 1977-78
That supplementary grants be made in the following amounts:

Lakehead	$750,000
Laurentian	$500,000
Trent	$1,400,000

Special Grants

Ontario College of Art. Upon the transfer of the Ontario College of Art to the operating grants formula in 1976-77, that institution remained eligible, pursuant to a five-year agreement reached in 1973, for an annual rental grant of $50,000 whose payment in 1977-78 will represent the final instalment. Council accordingly *recommends to the Minister:*

OCUA 76-16
Rental Grant to the Ontario College of Art, 1977-78

> *That* a grant of $50,000 be made to the Ontario College of Art for 1977-78, it being understood that existing policy with respect to money for taxes on leased property will obtain.

Having made the above recommendation, Council retains under advisement a request by the College for special recognition of its future rental needs. Council will weigh this request in the context of its system-wide implications, if any, once certain outstanding questions with respect to a capital grant for the College have been clarified.

Bar Admission Course. In arriving at a recommendation for a partial grant-in-aid to the Bar Admission Course, Council has adhered to the observations made with respect to Course funding in Advisory Memoranda 74-II and 75-VII. Council notes that the Bar Admission Course in 1977-78 will continue to share with the university system the twin pressures of inflation and enrolment growth. In the context of a special grant-in-aid, Council deems it sufficient to recognize these pressures by applying to the 1976-77 Course grant of $400,000 an adjustment similar to that accorded by the Government of Ontario in setting its expenditure target for the university system as a whole, namely 8 percent. In that students in the Bar Admission Course remain eligible for financial aid under the Ontario Student Assistance Program, the adjusted grant should be contingent on a situation where the fee charged in 1977-78 by the Law Society of Upper Canada to students in the Course will not exceed the 1976-77 fee by more than $100. Council accordingly *recommends to the Minister:*

OCUA 76-17
Grant on Behalf of the Bar Admission Course to the Law Society of Upper Canada, 1977-78

> *That,* on the understanding that the fee charged to students in the Bar Admission Course in 1977-78 will not exceed the fee charged in 1976-77 by more than $100, a grant of $432,000 be made in 1977-78 on behalf of the Course to the Law Society of Upper Canada.

GFU and BIU Values Under the Government's Expenditure Target for 1977-78

As noted at the beginning of this Memorandum, the Government's expenditure target for 1977-78 yields a total of $689.6 million for the purpose of the present allocation exercise. Table I deducts from this total the expenditures represented by the grant recommendations made above. Also deducted is the amount of $6,668,000 as an allowance for contingency and for the funding of theology programs. This amount takes due cognizance of the uncertainties generated by the initiation of a new student counting method in 1976-77. After these deductions, the remainder available for distribution at this time in the form of graduate and undergraduate formula grants is $672,655,000. Given the suspension of the formula with respect to graduate enrolment, the total number of graduate funding units is frozen at the level that obtained in 1975-76. Council acknowledges the representations it

has received for exemptions from the freeze but has concluded that the departures involved would only undermine the processes of system-wide graduate program planning that formula suspension was meant to strengthen. There is, however, a single case devoid of system-wide planning implications which Council is inclined to allow. The program in question is the Master of Science in Watershed Ecology at Trent University.

This is the sole program that received a positive funding recommendation from Council after the imposition of the graduate freeze. The recommendation (OCUA 75-17) was made in Advisory Memorandum 75-VII on the ground that Watershed Ecology was "the lone program concerning which Council received a formal COU request for funding during the period that intervened between the submission of Advisory Memorandum 75-IV to the Minister on June 21st (1975) and the release to the university community of that Memorandum together with the Minister's response on July 22nd." Council's clear intention in making this recommendation was to permit any students who might have enrolled in Watershed Ecology at Trent in 1975-76 to be included in that institution's count of Graduate Funding Units.

Table I

Availability of Funds For the Distribution of Graduate and Undergraduate Formula Grants in 1977-78

Available for Council's Allocative Recommendations		$689,600,000
Deduct		
Northern Ontario Grants	$2,917,000	
Bilingualism Grants	4,228,000	
Supplementary Grants	2,650,000	
Ontario College of Art Rental Grant	50,000	
Bar Admission Course	432,000	
Sub-total	10,277,000	
Contingency and Theology Programs	6,668,000	
Total Deductions		16,945,000
Available for Distribution of Graduate and Undergraduate Formula Grants		$672,655,000

In fact, no students enrolled in this new graduate program in 1975-76. During that academic year, however, Trent received the preliminary draft of the revised Operating Formula Manual that was issued to all institutions for discussion purposes. That draft, taking due account of Council's recommendation on the subject, referred explicitly to the Trent M.Sc. in Watershed Ecology. By inadvertence, however, the draft erroneously referred to the funding eligibility of students enrolled in the program during 1976-77 rather than 1975-76. On the basis of this draft, the Trent University Senate formally authorized the admission of six students to Watershed Ecology.

In the face of these truly extraordinary circumstances, Council is prepared to resolve the issue to the benefit of Trent University by allowing that institution twenty-four additional Graduate Funding Units for the balance of the period of

formula supension with respect to the graduate student funding count. Council accordingly *recommends to the Minister:*

OCUA 76-18
Additional Graduate Funding Units for Trent University

That the Trent University count of Graduate Funding Units be augmented by twenty-four units, the resulting Trent total to remain in effect for the duration of the period of formula suspension with respect to the graduate student funding count.

A decrease of one dollar on the value of the Graduate Funding Unit flows from the above recommendation. For the rest, Council's calculation of Graduate Funding Unit and Basic Income Unit values, while incorporating the differential established in 1976-77, goes on to take full cognizance of the undergraduate enrolment growth realised for funding purposes on the three-year average that obtains with respect to 1977-78, together with the appropriate adjustments that must be made to both graduate and undergraduate formula fees. In addition, account is taken of the practice whereby, in 1977-78, the grants actually paid to each institution will be reduced by the difference between the formula fee applicable to designated foreign students and the normal formula fee. To ensure that the operating grant total that is available under the Government's expenditure target will in fact accrue to the university system, the unit values must be calculated on the basis of an available total for formula distribution of $674,655,000, which is $2 million higher than the grant residue shown in Table I. The $2 million is the Minister's estimate of additional foreign student fee revenue in 1977-78, and was duly taken into account in the funding advice that Council submitted in Advisory Memorandum 76-III.

On the basis of the above, and noting again the amount set aside for contingency and the funding of theology programs, Council *recommends to the Minister:*

OCUA 76-19
GFU and BIU Values for 1977-78

That the GFU value in 1977-78 be not less than $2,457 and the BIU value be not less than $2,519.

In Table II, Council summarizes the end results of the allocation exercise undertaken in this Memorandum by tabulating the Basic Operating Income that accrues for 1977-78 to each of the institutions in the university system. This Table records as well the recommended levels of Northern Ontario, bilingualism, supplementary and special grants where applicable. The percentage column on the right hand side of the Table measures the percentage increase in Basic Operating Income, or where appropriate the percentage increase in Basic Operating Income plus designated grants, over the corresponding totals for 1976-77.

J.S. Dupré
Chairman

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January 21, 1977

Table II

Distribution of Basic Operating Income and Grant Recommendations in Advisory Memorandum 76-VI ($ thousands)

	1977-78 RECOMMENDATIONS						1976-77	
	BOI	Northern Ontario Grants	Bilingualism Grants	Supplementary Grants	Special or Unallocated Grants	BOI plus Northern Bilingualism Supplementary and Special Grants	BOI plus Northern Bilingualism Supplementary and Special Grants	Per Cent Change
Brock	13,572					13,572	12,620	7.5
Carleton	44,028					44,028	40,630	8.4
Guelph	49,755					49,755	45,619	9.1
Lakehead	12,583	1257		750		14,590	13,504	8.0
Laurentian	12,359	1223	790	500		14,872	13,672	8.8
Algoma	1,376	158				1,534	1,467	4.6
Nipissing	1,787	187				1,974	1,696	16.4
Hearst	383	92	25			500	473	5.7
McMaster	55,216					55,216	50,339	9.7
Ottawa	61,035		3172			64,207	58,641	9.5
Queen's	54,920					54,920	49,982	9.9
Toronto	177,676					177,676	162,974	9.0
Trent	8,520			1400		9,920	9,312	6.5
Waterloo	62,637					62,637	56,711	10.4
Western	83,936					83,936	77,439	8.4
Wilfrid Laurier	15,338					15,338	13,964	9.8
Windsor	37,326					37,326	33,482	11.5
York	65,632		177			65,809	59,810	10.0
Ryerson	31,476					31,476	29,231	7.7
OISE	10,783					10,783	9,883	9.1
College of Art	4,583				50	4,633	4,066	13.9
TOTAL	804,921	2917	4164	2650	50	814,702	745,515	9.3
Bar Admission					432	432	400	
Contingency & Theology			64		6668			

76-VII Formula Sensitivity to Undergraduate Enrolment Change

In Advisory Memorandum 75-VII, Council initiated "a gradual process whereby the formula that remains ongoing in the undergraduate sector can acquire some reduced sensitivity to enrolment change." The first step in this process took effect in 1976-77 when the formula distribution of operating grants departed from the "slip year" count in effect since 1973-74. Under the "slip year" approach, undergraduate formula grants in 1976-77 would have been distributed in accordance with the weighted undergraduate enrolment (Basic Income Units or BIU's) reported by each institution for 1975-76. Instead, these grants were distributed in accordance with a two-year average in which a one-third weight was assigned to BIU's reported in 1974-75 and a two-thirds weight to those reported in 1975-76.

The second step in the process of gradually reducing formula sensitivity to enrolment was announced at the same time as the first and takes effect in 1977-78. Undergraduate formula grants in that year are to be distributed in accordance with a three-year average in which the number of BIU's reported in each of 1976-77, 1975-76 and 1974-75 are weighted equally.

Preparation for yet a third step preoccupied Council during much of the last year. To Council, it seemed essential to assess the question of formula sensitivity to enrolment in the context of both short and long-run considerations affecting the future of the university system. This is done in the Introduction to Council's Third Annual Report.

In this Memorandum, Council addresses the specific details of what should constitute the third step in reducing the enrolment sensitivity of undergraduate formula grants. For reasons outlined in the Introduction to the Third Annual Report, Council's advice should encourage and contribute to predictability and stability in Government funding of the university system. At the same time, it should permit the degree of flexibility required in a setting where there exists substantial uncertainty about future enrolment levels and the capacity of the university system to meet demand for student places. Finally, Council's advice on a formula allocation mechanism should be consistent with the advice it offers on the global funding of the university system. If Council's advice on global funding incorporates a discount on the funding of enrolment growth, the appropriate allocative mechanism is one that achieves a basically similar reduction in the credit accorded to the additional BIU's that accrue to institutions by virtue of enrolment growth. Such symmetry is essential if the funding of enrolment growth is to be kept distinct from the funding that enables the university system to cope with inflation and the real costs of maintaining existing levels of service.

The first two steps in reducing the sensitivity of undergraduate formula grants to enrolment growth introduced a mechanism of multi-year enrolment averaging. Such averaging contributes to predictability and stability in Government funding of universities because it insulates the revenues of individual institutions from reflecting all at once the full effect of enrolment perturbations, whether up or down, in any given year. As a prelude to possible further steps to reduce the enrolment sensitivity of the formula, the three-year average in effect in 1977-78 is flexibly open to any of a number of alternatives, including for example either the further lengthening of the average or a forward movement of the three-year average with or without the application of special discount mechanisms. Such alternatives received considerable attention in the course of Council's spring hearings with the university community. At those same hearings, the importance of selecting alternatives that are broadly consistent with Council's funding advice was widely appreciated.

Because the three-year average introduced in 1977-78 involved the lengthening of the two-year average in effect in 1976-77, it was basically symmetrical with Council's advice on global funding for 1977-78, in which the estimated costs of

additional enrolment growth were discounted by an "excess capacity factor" of 50 per cent. For reasons given in the Introduction to its current Annual Report, Council proposes to submit advice on global funding for 1978-79 whose growth component will again be discounted by 50 per cent. Substantial uncertainty, however, attaches to whether a similar discount should apply beyond that year, and to what level of discount, if any, might be appropriate from year to year thereafter. It follows that the next step in revising formula sensitivity to undergraduate enrolment should permit sufficient latitude for adjustments in formula distribution designed to reflect whatever changes in the growth component of global funding future circumstances might warrant.

After careful study and reflection, Council has concluded that the most appropriate means of achieving the needed latitude is to have recourse to an annually moving average whose difference from a stated base could be discounted by a variable percentage that reflected the treatment accorded to the growth component of global funding. The Council of Ontario Universities has made a number of efforts in the past to devise a base against which variations in enrolment levels might be taken into account. These efforts were complicated by a setting where slip-year financing generated for each institution a single-year base that inevitably reflected what any of a number of institutions might view as undue enrolment perturbations peculiar to that year alone.

The achievement in 1977-78 of undergraduate formula funding geared to a three-year average has greatly reduced this source of difficulty by muting whatever perturbations in enrolment may have been peculiar to any institution in any given year. To Council this invites the establishment, beginning in 1978-79, of an Undergraduate Formula Funding Base, this base being composed of the average number of eligible undergraduate BIU's reported by each institution during the years 1974-75, 1975-76 and 1976-77. Because the Undergraduate Formula Funding Base incorporates three years of reported units, it has the added advantage, much appreciated by Council in Advisory Memorandum 75-VII, of permitting a gradual phasing of such program weight changes as might be approved from time to time. Council accordingly *recommends to the Minister:*

OCUA 76-20
Establishment of an Institutional Undergraduate Formula Funding Base for the Calculation of Undergraduate Formula Grants

> *That,* beginning in 1978-79, the average number of eligible undergraduate BIU's reported by each institution during the years 1974-75, 1975-76, and 1976-77, be henceforth deemed the Undergraduate Formula Funding Base of each institution.

An Undergraduate Formula Funding Base should be accompanied by the establishment of a three-year moving average reflecting weighted enrolment levels in the three years immediately preceding the granting year. For 1978-79, this would be the average number of BIU's reported in 1975-76, 1976-77 and 1977-78. There is widespread agreement among the institutions that a three-year moving average is sufficient to generate needed protection from annual perturbations. Council therefore *recommends to the Minister:*

OCUA 76-21
Establishment of a Moving Three-Year Average for the Calculation of Undergraduate Formula Grants

> *That,* beginning in 1978-79, undergraduate formula grants be calculated with reference to the Undergraduate Formula Funding Base of each institution plus or minus the difference between the average number of

undergraduate BIU's reported by each institution in the three years preceding the granting year and the Undergraduate Formula Funding Base.

If undergraduate formula grants to each institution are to be calculated with reference to the number of BIU's in the Undergraduate Formula Funding Base plus or minus the difference between the number of undergraduate BIU's in a three year moving average and this Base, what remains necessary is the designation of a percentage by which the change represented by the number of BIU's in the moving average should be discounted in any given year. In a period of system-wide growth, this percentage should be similar to that by which the growth component of global funding has been discounted. If such a growth period is followed by an era of system-wide enrolment decline, a like percentage should be applied to the extent that Government accepts the principle of stabilizing university revenues from undue decline.

It is in the discounting of the difference between the moving three-year average and the Undergraduate Funding Base that formula sensitivity to enrolment can come to make its full contribution to the long-run stabilization of university revenues. However, given the uncertainties that surround future enrolment levels and the capacity of the university system to absorb them, it is inadvisable to gauge an appropriate percentage more than one year at a time. Even on an annual basis, the confirmation of such a percentage must be contingent upon the actual treatment accorded by Government to growth (or subsequently to stabilization) in its global funding.

Within this important caveat, early annual announcements of Ministerial intent with respect to the coming year contribute a needed measure of short-range predictability. For reasons outlined in the Introduction to Council's current Annual Report, Council believes that the appropriate announcement of Ministerial intent for 1978-79 is one that proposes to discount the difference between the moving average and the Undergraduate Funding Base recommended above by 50 per cent. Council accordingly *recommends to the Minister:*

OCUA 76-22
Distribution Mechanism with respect to Undergraduate Formula Grants for 1978-79

That the Minister give early notice of intent that undergraduate formula grants in 1978-79 be distributed to each institution in relation to the following: the number of BIU's in the Undergraduate Formula Funding Base plus 50 per cent of the difference between the average number of BIU's in 1977-78, 1976-77 and 1975-76 and the number of BIU's in the Undergraduate Formula Funding Base.

J.S. Dupré
Chairman

February 25, 1977

76-VIII Capital Assistance

As noted in Advisory Memorandum 76-III, the early call for Council's advice with respect to Government support of the university system in 1977-78 necessitated a continued ad hoc approach to calculating the level of capital assistance that Council deemed advisable for that year. As it happened, Government did not find it possible to generate the full amount necessary to protect what Council called an "interim plateau" of capital assistance. During 1976-77, Government experienced similar difficulties in meeting the funding level that had been prescribed for that year.

It is clear that the current environment with respect to capital assistance is one of severe financial constraint. Council will make continuing efforts to ascertain the space needs of the university system, whether of a long-run or temporary nature. It will also keep under active consideration the question of how capital assistance for building renovation, alteration and replacement could be distributed at least in part by a formula. Under the immediate circumstances of extremely limited funding, however, Council believes that the only feasible way to distribute capital grants is through decision-making by Ministerial discretion.

Decision-making by Ministerial discretion after individual project review by Ministry officials is in fact what has served the university system with respect to the distribution of capital funds since the imposition of the near-moratorium on capital grants in 1972. In this Memorandum, prepared after due consultation with Ministry officials and the university community, Council seeks in turn to serve the existing process of decision-making by outlining some guidelines and criteria that should apply in the consideration of individual capital projects for funding. Council believes that the articulation of such guidelines and criteria may help to simplify decision-making and to clarify the expectations of the university community. Council's guidelines and criteria are outlined below under two headings:

1. New Construction that Adds to Institutional Space.
2. Building Renovations, Alterations and Replacement.

New Construction that Adds to Institutional Space

Given the long-run considerations outlined in the Introduction to its Third Annual Report, Council believes that it "should create no expectations whatever that capital grants might become available to fund buildings that would permanently add to institutional enrolment capacity." In this context the appropriate guidelines are ones that permit only two kinds of new construction that add to institutional space.

The first type of new construction allowable would be for institutions with a serious space deficiency compared with other institutions in the system. Such deficiencies should be adjudicated with reference to standards in the system as a whole.

A second type of new construction allowable would be that which remedies a serious space deficiency in facilities relating to particular activities or functions. Examples might include athletic facilities and libraries. Each individual need for such funds would have to be assessed separately and would have to be examined in the context of a measure of adequacy in comparison with similar facilities in the university system.

Council accordingly *recommends to the Minister:*

OCUA 76-23

New Construction that Adds to Institutional Space

That, in the realm of new construction that adds to institutional space, the only projects eligible for the exercise of Ministerial discretion be those which remedy a serious space deficiency:

(a) in an institution generally vis-à-vis other institutions, and
(b) in facilities relating to particular activities or functions.

Building Renovations, Alterations, and Replacement

Council has steadfastly recognized the importance of properly maintaining the existing physical facilities of the university system. This has normally been seen as a matter of renovations and alterations, but Council believes that building replacement projects should be permitted to compete on equal terms with renovation and alteration projects where replacement is the more economic alternative. Accordingly, the guidelines and criteria set out below should apply equally to the eligibility of renovation, alteration, and replacement projects.

Guidelines. To be eligible for a funding decision by Ministerial discretion, building renovation, alteration and replacement projects should satisfy all of the following guidelines:

(1) Projects should not add to the total gross square feet of the institution.

(2) The minimum allowable value of the project should be $25,000 per project per building.

(3) The cost of furniture, furnishings and equipment should be allowable only when these items are an integral part of a building renovation, alteration or replacement project.

In the first guideline the term 'gross square feet' rather than 'net assignable square feet' is used to ensure that projects designed to permit more effective use of space will be eligible for consideration. A minor exception to the limitation on gross square feet might be made where code requirements necessitate adding to gross square feet, as in the case of external fire wells.

With respect to the second guideline, Council believes most strongly that when capital grants are viewed as a component of educational funding policy, they should be for bona fide capital projects only. To prevent normal repairs and maintenance from being disguised as capital, capital projects should be defined as projects which have a minimum dollar value per building. Projects should not be lumped together either within a building or across a number of buildings to satisfy this minimum value. At this time, Council endorses the $25,000 minimum value that has been in effect but registers the opinion that this amount should henceforth be examined at regular intervals to assess whether changes are necessary as a result of inflation or project cost experience. In Advisory Memorandum 74-IV, Council recognized a single source of exceptions to its second guideline. Such exceptions will arise at those times when university maintenance or construction projects are viewed by Government as instruments of policy other than educational policy. Grants given in respect of an employment creation policy are a case in point and their temporary nature should be clearly understood.

The third guideline limits capital funding of furniture and equipment to those items that form an integral part of a building renovation, alteration, or replacement project. This is because Council has made specific allowance for the replacement of furniture and equipment as operating expenditures in its funding level advice for the last three years.

Criteria. Within the above guidelines, a renovation, alteration or replacement project should be eligible only if it satisfies one or more of the following criteria:

(1) emergency
(2) code requirements
(3) operating cost savings
(4) energy savings
(5) encouragement of more effective use of space
(6) age-quality correction process
(7) historical significance

The first four criteria require no elaboration. Where criterion (5) is applied, Council believes that "more effective use of space" should be judged in terms of existing programs and courses, including shifts in student preference among these programs and courses. However, changes whose primary result is to accommodate additional programs and courses should not be eligible for capital assistance, save in truly exceptional circumstances, e.g. a clearly established manpower or other need whose validity has been recognized as a matter of public policy.

Criteria (6) and (7) probably involve additions to the criteria that have been in recent use. Although no formal age-quality factor can be recommended at this time, renovation and alteration projects which are aimed at correcting age-quality differentials should be considered eligible for funding by Ministerial discretion. Also, a particular case can be made for renovation of an older building rather than replacement when the building is of historical significance. Council accordingly *recommends to the Minister:*

OCUA 76-24
Eligibility Guidelines and Criteria for Building Renovation, Alteration, and Replacement Projects

> *That,* in the realm of building renovation, alteration, and replacement projects, Ministerial discretion be exercised in line with the eligibility guidelines and criteria set out in this Memorandum.

Council retains its interest in receiving annually the list of projects submitted by universities and those actually funded by the Ministry. There is some concern on Council's part that the restricted availability of capital funds has perhaps induced universities to accord priority to small projects over large projects. Council intends to ascertain the extent to which small projects may have displaced larger projects for which a greater need exists.

J.S. Dupré
Chairman

February 25, 1977

OCUA Public Meetings, 1976-77

OCUA Public Meetings, 1976-77

Meetings with Province-Wide Organizations

Date	*Organization (Location)*
7/5/76	Ontario Federation of Students (Queen's University Campus, Kingston)
8/5/76	Council of Ontario Universities (Queen's University Campus, Kingston)
8/5/76	Confederation of Ontario University Staff Associations (Queen's University Campus, Kingston)
14/5/76	Ontario Confederation of University Faculty Associations (Prince Hotel, Toronto)

Topical Meetings

In 1974-75 and 1975-76 Council held annual public hearings individually with each of the institutions under its purview. In 1976-77 an experiment with a somewhat different pattern of institutional hearings was undertaken in a topical format. The views of individual institutions were solicited and small delegations from each of the fifteen provincially-assisted universities, the Ontario College of Art, the Ontario Institute for Studies in Education and Ryerson Polytechnical Institute met as a group with Council to discuss each of the six broad topics indicated below.

Date	*Topic (Location)*
14-15/5/76	Long Range Planning and Capital Assistance Policy (Prince Hotel, Toronto)
11-12/6/76	Graduate Program Planning and Research (Prince Hotel, Toronto)
18-19/6/76	Operating Finances and Tuition Fees (University of Waterloo Campus, Waterloo)

OCUA Recommendations and Government Responses, 1976-77

OCUA Recommendations and Government Responses, 1976-77

Recommendations Number	Title	Response
	(Advisory Memorandum 76-I)	
76-1	Government Funding of Correspondence Courses for Degree Credit	Accepted
	(Advisory Memorandum 76-II)	
76-2 (75-3)	Ontario Graduate Scholarship Program Eligibility	Partially accepted: See Minister's letter of October 5, 1976 which follows this table
76-3	Ontario Graduate Scholarship Stipends, 1977-78	
76-4	Abolition of Institutional Ontario Graduate Scholarship Awards in Universities with Doctoral Programs	
76-5	Number of Ontario Graduate Scholarship Awards in 1977-78	
76-6	Income Limitations on Ontario Graduate Scholarship Holders	
	(Advisory Memorandum 76-III)	
76-7	Funding Level for 1977-78 to Meet the Cost of Basic Objectives in Funding the Operation of the Provincially Assisted Universities, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art	Accepted
76-8	Funding Level for 1977-78 on behalf of the Bar Admission Course and Theology Programs	Accepted
76-9	Funding Level to Recognize Additional Need of the University System	Accepted
76-10	Level of Capital Assistance for 1977-78	Partially Accepted
	(Advisory Memorandum 76-IV)	
76-11	Extending the Period of Formula Suspension with Respect to the Funding of Graduate Work	Accepted
	(Advisory Memorandum 76-V)	
76-12	Interim Arrangements with Respect to Operating Grants to Ryerson for 1977-78 and 1978-79	Accepted
	(Advisory Memorandum 76-VI)	
76-13	Northern Ontario Grants 1977-78	Accepted
76-14	Bilingualism Grants 1977-78	Accepted
76-15	Supplementary Grants 1977-78	Accepted
76-16	Rental Grant to the Ontario College of Art, 1977-78	Accepted
76-17	Grant on Behalf of the Bar Admission Course to the Law Society of Upper Canada, 1977-78	Accepted
76-18	Additional Graduate Funding Units for Trent University	Accepted
76-19	GFU and BIU Values for 1977-78	Accepted

	(Advisory Memorandum 76-VII)	
76-20	Establishment of an Institutional Undergraduate Formula Funding Base for the Calculation of Undergraduate Formula Grants	Accepted
76-21	Establishment of a Moving Three-Year Average for the Calculation of Undergraduate Formula Grants	Accepted
76-22	Distribution Mechanism with respect to Undergraduate Formula Grants for 1978-79	Accepted
	(Advisory Memorandum 76-VIII)	
76-23	New Construction that adds to Institutional Space	Accepted
76-24	Eligibility Guidelines and Criteria for Building Renovation, Alteration and Replacement Projects	Accepted

Ontario

Office of the Minister

Ministry of Colleges and Universities

416/965-7625

Mowat Block
Queen's Park
Toronto Ontario

October 5, 1976

Dear Steve:

Thank you for forwarding to me the Ontario Council on University Affairs' Advisory Memorandum 76-II regarding the Ontario Graduate Scholarship Program, 1977-78. I have considered your recommendations and would like to advise you of the decisions which I have made.

Recommendation 76-4

I am pleased to inform you that this recommendation has been accepted.

Recommendation 76-6

I am pleased to inform you that this recommendation has been accepted.

Recommendation 76-2

The government has agreed to remove the quota for landed immigrants who have established residency in Canada, and also to allow a limited number of scholarships to be held by outstanding student visa holders.

Accordingly, the following students will be eligible to apply for scholarships:

(1) Canadian citizens;

(2) Landed immigrants who, by December 1, 1976, have resided in Canada as landed immigrants for at least 3 consecutive years;

(3) Landed immigrants who, by December 1, 1976, have resided in Canada as landed immigrants for at least 2 consecutive years and who

were admitted to Canada as either sponsored dependents or nominated relatives within the meaning of the Immigration Act. Sponsors or nominators must be parents or legal guardians who, at the date of application, are permanent residents of Canada;

(4) Landed immigrants who do not qualify with regard to residency under 2 and 3 above, but who hold landed immigrant status as of December 1, 1976, and persons who were admitted to Canada on a student visa under section 7(1)(f) of the Immigration Act may also apply for scholarships. No more than 50 scholarships may be held by students who qualify under this category.

Landed immigrants who held an Ontario Graduate Scholarship in a previous year and who do not qualify with regard to residency under (2) or (3) above will be eligible to apply for an open award and will not be considered among the maximum 50 awards in category (4).

OCUA 76-3

I recognize and appreciate that Council's first priority is to increase the value of the stipend to $1,500 per term, even at the expense of reducing the overall number of awards. However, given the total funds available, the continuing climate of economic constraint, the anti-inflation guidelines, and the fact that government has been forced to make cutbacks in other areas, I am afraid that I cannot accept Council's recommendation that the stipend be increased by a full 20%. However, I am willing to increase the value of the stipend to $1,400 per term. This represents an increase of 12% over 1976-77 and means that a graduate student will be provided with $4,200 for a full year of study.

If the level of funding received for 1977-78 is greater than that which is anticipated, consideration could be given to further increasing the value of the award.

OCUA 76-5

In light of the value of the award mentioned above, the total number of awards that can be made available within the budget anticipated will be 945. Of these, 45 will be made available to institutional nominees (9 for each of the 5 institutions). Of the remaining 900 awards, a maximum of 50 will be made available to outstanding visa students and to landed immigrants who do not qualify under the residency regulations. The institutions may not name students in category 4 as institutional nominees.

At this time, I would like to thank Council for the obvious thought and consideration which has gone into the preparation of this Advisory Memorandum. Your efforts are greatly appreciated.

Yours truly,

Harry Parrott

Harry Parrott, D.D.S.

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